

2003-2004

OPERATING BUDGET

**INTER-
DEPARTMENTAL
PROGRAMS**

Community Development Block Grant Fund

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T*o provide funding for local community projects and services which further the objectives of the Federal Community Development Block Grant (CDBG) program. The national objectives of the program are to provide assistance to persons of low- and moderate-income, prevent or eliminate slums and blight, or meet other community needs of an emergency nature.*

Beginning in 1984-1985, the City Council determined that the CDBG funds would be allocated under two program categories: Contractual Community Services and Community Development Improvements. The Contractual Community Services (CCS) category (15% of the grant) provides funding for non-profit community-based organizations that perform services under contract to the City in the areas of community services/recreation, child care, legal services, senior services, services for persons with disabilities, youth services, and homeless/emergency assistance/employment. The Community Development Improvement (CDI) category (85% of the grant) provides funding for capital projects, housing improvements, neighborhood revitalization, planning studies, fair housing, code enforcement, economic development, and grant administration.

Community Development Block Grant

Budget Summary

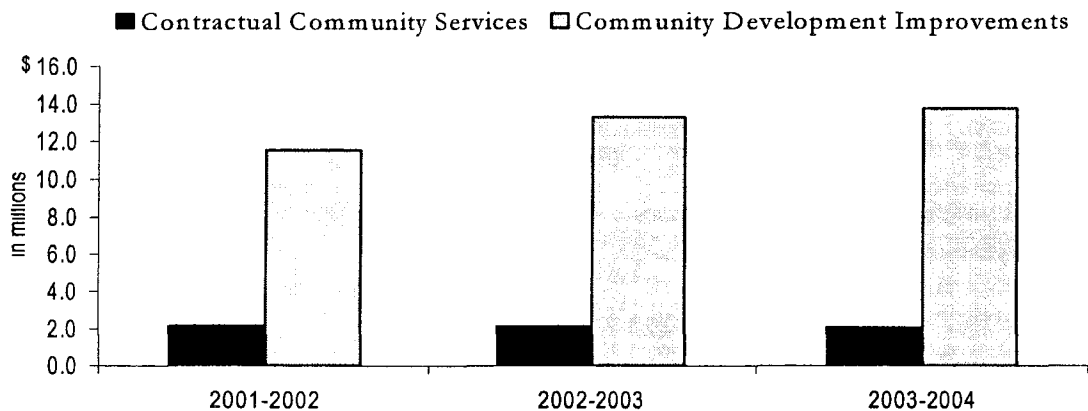
	2002-2003 Adopted	2003-2004 Adopted	Change
Contractual Community Services	\$ 2,138,000	\$ 2,086,470	(2.4%)
Community Development Improvements	\$ 13,277,001	\$ 13,742,200	3.5%

Budget Highlights 2003-2004

- ☐ Funding for various public services as provided by community-based organizations.
- ☐ Housing Rehabilitation Program that provides low interest loans to low- and moderate-income customers.
- ☐ Housing and Energy Services Program to remove architectural barriers in homes of elderly and disabled residents.
- ☐ Acquisition of land at the intersection of 11th & Williams Street for the future development of a neighborhood park.
- ☐ Economic development programs to provide business training and create jobs.
- ☐ Curb ramp improvements in Strong Neighborhoods Initiative areas, and streetlights for the following sites: Lenzen-Keeble, White Road, Project Crackdown, and other neighborhoods.
- ☐ Construction of 6th and Bestor Park, the first neighborhood park in the Spartan/Keyes Neighborhood.
- ☐ Replacement of a commercial kitchen and shelves at Martha's Kitchen to prepare hot meals for the homeless.
- ☐ Programs to provide proactive, comprehensive code enforcement of various health, safety and housing codes.

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CDBG ENTITLEMENT FUNDING



Community Development Block Grant

Fund Overview

The City's Community Development Block Grant (CDBG) Program budget is based on a total 2003-2004 entitlement grant of \$12.4 million (a decrease of \$325,000 over the 2002-2003 entitlement); projected housing rehabilitation loan (program) income of \$1.5 million; and \$6.5 million in prior years funds. Of the total \$15.9 million in CDBG program funds available for 2003-2004, approximately \$2.1 million is available for Contractual Community Services (CCS), and approximately \$13.7 million is available for Community Development Improvements (CDI). A total of 54 eligible proposals submitted to the City requested over \$20.0 million for 2003-2004 CDI and a total of 59 proposals requested over \$5.0 million for CCS projects. The spending plan described in the following sections was reviewed and given initial approval by the City Council on May 6, 2003 and final approval on June 17, 2003.

Contractual Community Services

The City Council approved a two-year funding plan for the CCS program in 2003-2004. The first year of the two-year plan begins in 2003-2004. The CCS entitlement and program income were approved to fund 40 public services projects totaling approximately \$2.1 million. The second year of the two-year plan begins in 2004-2005. Funding priority was given to 40 projects in the second year of the plan. Receipt of funding in 2004-2005 is conditioned upon adequately meeting the funding conditions, including meeting agreed upon goals and outcomes as well as other contractual requirements.

Community Development Improvement

A three-year funding plan was approved for the CDI category in 2001-2002. The plan which covers 2001-2002 (Year 1), 2002-2003 (Year 2), and 2003-2004 (Year 3) was designed to address several recurring issues involving

the funding and implementation of CDI projects as they impact the expenditure of public funds in a timely manner consistent with U.S. Housing and Urban Development (HUD) guidelines.

Objectives of the plan included an improved ability to identify projects likely to be completed within the 18-month time frame set by City Council policy; reduction in the complexity of the application process; and increased time for the implementation, development, and monitoring of funded projects. The third and final year of the three-year funding cycle begins in 2003-2004.

The following are highlights of the 2003-2004 Adopted Budget for the CDI category:

- Acquisition of the land at the intersection of 11th & Williams Street for the future development of a neighborhood park (\$650,000);
- Construction of the first neighborhood park in the Spartan/Keyes neighborhood at 6th & Bestor Streets (\$540,000);
- Installation of 201 curb ramps in the Washington & Edenvale Strong Neighborhoods Initiative areas to serve the disabled community, elderly, and children (\$556,000);
- Installation of a commercial kitchen and shelves at Martha's Kitchen to prepare hot meals for the homeless (\$250,000);
- Continued implementation of a city-wide anti-graffiti program (\$519,374); and
- Installation of streetlights and associated improvements at Lenzen-Keeble (\$126,100), White Road (\$35,413), and Project crackdown areas (\$120,000) to enhance public safety.

Community Development Block Grant

Fund Summary

	2001-2002 Actual 1	2002-2003 Adopted 2	2003-2004 Adopted 3	% Change (2 to 3)
Dollars by Sources				
Fund Balance	\$ 11,237,047	\$ 6,609,276	\$ 6,510,574	(1.5%)
CDBG Entitlement	12,996,000	12,757,000	12,432,000	(2.5%)
Housing Rehabilitation Loan (Program) Income	2,351,631	1,500,000	1,500,000	0.0%
Other Revenue	1,608,751	0	0	N/A
Total	\$ 28,193,429	\$ 20,866,276	\$ 20,442,574	(2.0%)
Dollars by Uses				
Contractual Community Services	\$ 2,080,858	\$ 2,138,000	\$ 2,086,470	(2.4%)
Community Development Improvements	15,007,390	13,277,001	13,742,200	3.5%
Fund Balance and Miscellaneous	11,105,181	5,451,275	4,613,904	(15.4%)
Total	\$ 28,193,429	\$ 20,866,276	\$ 20,442,574	(2.0%)

Community Development Block Grant

Budget Category: Contractual Community Services

Budget Category Overview

Contractual Community Services (CCS) funds support non-profit community based organizations' activities that provide services under contract to the City in the areas of community services/recreation, child care, legal services, senior services, services for persons with disabilities, youth services, and homeless/emergency assistance/employment. Approximately 15.0% of the City's 2003-2004 entitlement grant and some prior year program income are allocated to fund CCS. The total available for this category is \$2,086,470. Funds may be used for activities defined as public services under CDBG regulations.

Each year, the City Administration and the CDBG Steering Committee solicit and evaluate applications for funding under this category using criteria approved by the City Council. The CDBG Steering Committee and the Administration submit recommendations to the City Council for consideration during the annual CDBG Public Hearing.

In 2003-2004, 40 public services projects were funded for a total of \$2,086,470. The 2003-2004 Adopted CDBG program for the CCS category is presented in the following summaries.

Budget Category Summary

	2001-2002 Actual 1	2002-2003 Adopted 2	2003-2004 Adopted 3	% Change (2 to 3)
Contractual Community Services	\$ 2,080,858	\$ 2,138,000	\$ 2,086,470	(2.4%)
Total	\$ 2,080,858	\$ 2,138,000	\$ 2,086,470	(2.4%)

Community Development Block Grant

Budget Category: Contractual Community Services

Budget Category Summary (Cont'd.)

The following projects are approved for funding in the 2003-2004 Adopted Budget from the Contractual Community Services allocation. (In all cases, the 2003-2004 allocation is the first year of a two-year CCS funding plan consisting of 2003-2004 and 2004-2005.)

Adopted Allocation	2003-2004 Amount
Alzheimer's Activity Center	\$ 31,030
Asian Law Alliance	55,855
Blind and Visually Impaired Client Services Delivery	27,927
Casa MACSA Adult Day Health Care	31,973
Case Management for Homeless Families	30,410
Cecil White Center	48,614
Community Inns	24,824
Community Support Recreation	21,721
Comprehensive Services Project	25,859
Continuum of Care	20,687
Deaf Community Support Program	29,040
East San José Community Law Center	27,927
Ethiopian Community Center	36,103
Family Self-Sufficiency	31,123
H.O.M.E.S.	63,095
Housing Program for Persons with Disabilities	10,343
Julian Street Inn	35,168
Legal Aid Society Housing Project	144,069
Legal Assistance to Elders	91,023
Loaves and Fishes Project	20,687
Long Term Care Ombudsman Program	28,750
MACSA Youth Center Services	149,877
Minority Senior Service Providers Consortium	130,357
Operation Brown Bag	18,618
Project Northside	36,202
Project SHARE	21,793
Residential Care Ombudsman Program	24,824
Runaway and Homeless Youth Shelter	41,374
School Advocate Project	31,030
Senior Adult Day Care	30,496
Services for Battered Women and Children	41,374
Shared Housing Project	82,748
Shelter Next Door	82,748
Vietnamese Elderly Services Senior Center	62,061
Vietnamese Youth Gang Prevention/Intervention	21,982
WATCH	34,134
Young Women's and Men's Empowerment Project	69,036
Youth Employment Services and Placement	44,477
Youth Opportunities Unlimited	152,049
YWCA Child Care Program/Child Care Consortium	175,062
Total Contractual Community Services	\$ 2,086,470

Community Development Block Grant

Budget Category: Community Development Improvements

Budget Category Overview

Approximately 85.0% of the City's 2003-2004 entitlement, some prior year program income, and fund balance are allocated to the Community Development Improvements category. This category consists primarily of code enforcement, physical improvements, economic development activities, planning studies, and

related administration performed by or under the direction of City staff. Adopted funding and staffing of these projects are shown in the operating or capital budgets of the applicable departments. In addition, funds may be provided to eligible community groups for physical improvements or economic development activities.

Budget Category Summary

	2001-2002 Actual 1	2002-2003 Adopted 2	2003-2004 Adopted 3	% Change (2 to 3)
Community Development Improvements				
Fair Housing	\$ 457,274	\$ 472,026	\$ 598,667	26.8%
Housing Improvement Program	3,607,416	3,065,706	3,488,088	13.8%
Economic Development	851,257	857,293	1,195,835	39.5%
Capital Projects	5,714,441	3,959,753	2,512,267	(36.6%)
Planning Studies	386,511	438,089	871,551	98.9%
City Programs	3,990,491	4,484,134	5,075,792	13.2%
Total	\$ 15,007,390	\$ 13,277,001	\$ 13,742,200	3.5%

Community Development Block Grant

Budget Category: Community Development Improvements

Budget Category Summary (Cont'd.)

The following projects are approved for funding in the 2003-2004 Adopted Budget from the Community Development Improvements allocation:

Adopted Allocation	Rebudgeted Prior Years Fund (\$)	2003-2004 Entitlement (\$)	Total Adopted 2003-2004 (\$)
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FAIR HOUSING

Fair Housing Investigation and Enforcement Service (San José Fair Housing Consortium)	\$	\$ 330,351	\$ 330,351
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The San José Fair Housing Consortium will provide fair housing services with its core of three agencies and nine other collaborators serving divergent populations. Services will include counseling, legal representation, educational literature and information referrals.

Non-Rent Control Tenancy Protection Program (Housing Department)		118,316	118,316
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The Housing Department will provide mediation, information and referral services to approximately 63,000 low- to moderate-income clients not covered by the City's Rent Control Ordinance.

Legal Aid Society Fair Housing Counseling (Legal Aid Society of Santa Clara County)		150,000	150,000
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The Legal Aid Society will provide fair housing information, legal advice, counseling, conciliation, and legal representation.

Subtotal – Fair Housing:	\$	\$ 598,667	\$ 598,667
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HOUSING IMPROVEMENT PROGRAM

Housing Rehabilitation (Housing Department)	\$	\$ 2,596,242	\$ 2,596,242
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The Housing Department operates a housing rehabilitation program that provides low interest loans to low-income borrowers who wish to improve their homes. Various loan programs are available city-wide. Programs include the following: Housing Preservation Program, Rental Housing Rehabilitation, HELP Grants, Paint Grant Program, and Mobile Home Rehabilitation Loan Program. Housing operations and overhead costs are funded with Low and Moderate Income Housing funds. The entitlement will include \$1,500,000 in projected program income.

Community Development Block Grant

Budget Category: Community Development Improvements

Budget Category Summary (Cont'd.)

Adopted Allocation	Rebudgeted Prior Years Fund (\$)	2003-2004 Entitlement (\$)	Total Adopted 2003-2004 (\$)
Housing and Energy Services Program (Economic and Social Opportunities, Inc.)	\$	\$ 620,000	\$ 620,000
This program is administered by Economic and Social Opportunities, Inc. and will provide services and funds to remove architectural barriers in the homes of elderly and disabled residents as well as install energy-conserving measures designed to reduce residential energy consumption.			
Low-Income and Senior/Disabled Person Housing Repair Program (Rebuilding Together Silicon Valley)		45,000	45,000
This program will provide funds to repair, rehabilitate, and upgrade 30 housing units and provide 25 unrelated emergency repairs for very low-income residents.			
Corps Community Projects (San José Conservation Corps)		226,846	226,846
This project sponsored by the San José Conservation Corps will provide neighborhood improvement services in the Project Crackdown and other targeted areas. The project will utilize a six-person crew recruited from gang-involved youth in the neighborhood and led by a site supervisor.			
Subtotal – Housing Improvement:	\$	\$ 3,488,088	\$ 3,488,088

ECONOMIC DEVELOPMENT

Entrepreneurship Training Program (Silicon Valley Economic Development Corporation)	\$	\$ 74,704	\$ 74,704
This project will provide training to approximately 60 new or existing businesses. Throughout the course of the training, entrepreneurs learn skills to enable them to compete in the Valley's changing workplace. Training will build management expertise and improve businesses' opportunity to succeed.			
Merlin Child Care Loan Program (Silicon Valley Economic Development Corp.)		165,334	165,334
This project will provide business loans and related technical assistance to child care businesses for low-income City residents.			

Community Development Block Grant

Budget Category: Community Development Improvements

Budget Category Summary (Cont'd.)

Adopted Allocation	Rebudgeted Prior Years Fund (\$)	2003-2004 Entitlement (\$)	Total Adopted 2003-2004 (\$)
Small Business Institute/Business Assistance Center (Silicon Valley Economic Development Corporation) <p>This project will provide a comprehensive program of financial and business support services to small businesses located primarily in the CDBG-eligible Neighborhood Business Districts, Title IX, and Enterprise Zone areas.</p>	\$	\$ 270,093	\$ 270,093
San José/Silicon Valley Center for Entrepreneurial Development (Santa Clara County Black Chamber of Commerce) <p>This micro-enterprise incubator program will provide entrepreneurial training, management and technical assistance, and subsidized rent with shared support services and resources to support job and economic development for very low- to moderate-income San José residents.</p>		93,920	93,920
Small Business Development Project of the East San José Community Law Center (Santa Clara University) <p>This project will serve small businesses and low/moderate income persons seeking jobs. It will assist in the stabilization and development of small businesses by providing them with business and legal advice.</p>		27,000	27,000
San José Smart Start Family Child Care (Parks, Recreation, & Neighborhood Services Department) <p>This project is a multi-agency effort and will provide small business technical assistance, counseling, and training to former welfare recipients to become licensed family childcare providers.</p>		289,784	289,784
Revolving Loan Fund Expansion (Office of Economic Development) <p>This project will provide a fund for small business loans, leveraged 3:1, available city-wide.</p>		275,000	275,000
Subtotal – Economic Development:	\$	\$ 1,195,835	\$ 1,195,835

Community Development Block Grant

Budget Category: Community Development Improvements

Budget Category Summary (Cont'd.)

Adopted Allocation	Rebudgeted Prior Years Fund (\$)	2003-2004 Entitlement (\$)	Total Adopted 2003-2004 (\$)
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CAPITAL PROJECTS

Community Capital Projects – Funding is approved for the following capital projects sponsored by community groups:

Safety Upgrade and Refurbishment Project (Bill Wilson Marriage and Family Counseling Center)	\$	\$ 40,000	\$ 40,000
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This project will replace the fire alarm system of the Bill Wilson Center.

Commercial Kitchen (Martha's Kitchen)		250,000	250,000
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This project will install commercial kitchen equipment and shelves at Martha's Kitchen to prepare hot meals for the homeless in San José.

MACSA Enrichment & Development Center (Mexican-American Community Services Agency, Inc.)		39,979	39,979
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This project will provide additional funding to rehabilitate an existing two-story facility and create a new construction facility in the rear.

Green Neighborhoods (Our City Forest)		77,500	77,500
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This project will provide 20-25 neighborhood blocks and schools within SNI areas with 500 15-gallon shade trees. Residents will be involved in site selection, species selection, tree care planning, planting demonstrations and assistance, augering, concrete cutting, tree ordering and delivery, and assistance for three years after planting.

Subtotal – Community Capital Projects:	\$	\$ 407,479	\$ 407,479
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CITY CAPITAL PROJECTS – Funding is approved for the following capital projects sponsored by City Departments:

Project Crackdown Streetlights (Public Works Department)	\$	\$ 120,000	\$ 120,000
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This project will modify present streetlight systems to increase the lighting levels in parts of Project Crackdown areas to reduce criminal activity, increase public safety, and prevent slums and blight.

Community Development Block Grant

Budget Category: Community Development Improvements

Budget Category Summary (Cont'd.)

Adopted Allocation	Rebudgeted Prior Years Fund (\$)	2003-2004 Entitlement (\$)	Total Adopted 2003-2004 (\$)
11th & Williams Street Park Acquisition (Parks, Recreation, & Neighborhood Services Department)	\$	\$ 650,000	\$ 650,000
This project will acquire the land at the intersection of 11 th and Williams Streets for the future development of a neighborhood park in the University Neighborhood.			
6th & Bestor Park (Parks, Recreation, & Neighborhood Services Department)		540,000	540,000
This project will construct the first neighborhood park in the Spartan/Keyes neighborhood located at 6 th and Bestor Streets. The project includes a children's play area, basketball court, picnic table, a community garden area, benches, turf area, and landscaping.			
Curb Ramp Improvement for SNI (Transportation Department)		556,000	556,000
This project will install 201 curb ramps to improve pedestrian safety for the disabled community, elderly, and children in the Washington and Edenvale SNI areas.			
Street Lighting: Lenzen-Keeble (Transportation Department)		126,100	126,100
This project will install approximately 21 new streetlights and modify seven in the Lenzen-Keeble neighborhood.			
Street Lighting: White Road (Transportation Department)		35,413	35,413
This project will install 10 new streetlights, modify 21, and relocate six along White Road and designated cross-streets.			
Street Lighting: Neighborhood Enhancement (Transportation Department)		77,275	77,275
This project will install nine new streetlights, modify six, and relocate one in six neighborhood locations throughout the City of San José.			
Subtotal – CITY CAPITAL PROJECTS:	\$	\$ 2,104,788	\$ 2,104,788
Subtotal – ALL CAPITAL PROJECTS:	\$	\$ 2,512,267	\$ 2,512,267

Community Development Block Grant

Budget Category: Community Development Improvements

Budget Category Summary (Cont'd.)

Adopted Allocation	Rebudgeted Prior Years Fund (\$)	2003-2004 Entitlement (\$)	Total Adopted 2003-2004 (\$)
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PLANNING STUDIES

Environmental Review of CDBG Proposals (Planning, Building, & Code Enforcement Department)	\$	\$ 81,968	\$ 81,968
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This project will continue to provide the National Environmental Policy Act review for all CDBG projects processed or administered by the City of San José.

Neighborhood Revitalization Program (Planning, Building, & Code Enforcement Department)		379,802	379,802
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This project has two parts: Neighborhood Revitalization Plan (NPR) Preparation will prepare several comprehensive community-based revitalization plans in troubled low-/moderate-income neighborhoods, and NPR Coordination will coordinate, implement and monitor existing and future neighborhood revitalization efforts.

Strong Neighborhood Initiative Organizing & Implementation (Parks, Recreation, & Neighborhood Services Department)		409,781	409,781
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This program will continue its partnership with the Redevelopment Agency and the community to build clean, safe, and attractive neighborhoods with strong, independent, and capable neighborhood organizations.

Subtotal – PLANNING STUDIES:	\$	\$ 871,551	\$ 871,551
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CITY PROGRAMS – Funding (including overhead) is approved for the following CDBG services performed by City departments. Staffing and other expenses for these projects are included in the operating budgets of the applicable City department.

CDBG Program Development & Monitoring (Parks, Recreation, & Neighborhood Services Department)	\$	\$ 1,231,189	\$ 1,231,189
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This program will continue to provide planning and administration of the CDBG Program, including technical assistance and monitoring of all CDBG-funded projects.

Community Development Block Grant

Budget Category: Community Development Improvements

Budget Category Summary (Cont'd.)

Adopted Allocation	Rebudgeted Prior Years Fund (\$)	2003-2004 Entitlement (\$)	Total Adopted 2003-2004 (\$)
Community Improvement Program (Planning, Building, & Code Enforcement Department)	\$	\$ 546,958	\$ 546,958
<p>This program will continue to provide staff and other services to coordinate housing code enforcement with comprehensive programs to clean up deteriorating multi-family buildings and neighborhoods. The project will include an emphasis on working with residents in targeted areas to develop and implement the program.</p>			
Concentrated Code Enforcement Program (Planning, Building & Code Enforcement Department)		884,396	884,396
<p>This program will continue to provide proactive, comprehensive enforcement of various health, safety, and housing codes in selected low- and moderate-income single-family and duplex property neighborhoods.</p>			
Targeted Neighborhoods Program Management (Planning, Building & Code Enforcement Department)		242,962	242,962
<p>This program will provide essential management supervision and support for Code Enforcement services to various targeted neighborhood revitalization and code enforcement projects.</p>			
Weed & Seed Code Enforcement Program (Planning, Building & Code Enforcement Department)		115,796	115,796
<p>This program will provide proactive, comprehensive enforcement of various health, safety, and housing codes in selected low- and moderate-income single-family and duplex properties located in Weed and Seed neighborhoods.</p>			
Project Crackdown Program (Planning, Building, & Code Enforcement Department)		580,549	580,549
<p>This program emphasizes a comprehensive approach to empowering communities to improve their health, safety, and appearance by bringing in resources from outside the area. City departments assist the program by educating the targeted population on how to deal with substandard housing, neighborhood blight, and slum conditions.</p>			

Community Development Block Grant

Budget Category: Community Development Improvements

Budget Category Summary (Cont'd.)

Adopted Allocation	Rebudgeted Prior Years Fund (\$)	2003-2004 Entitlement (\$)	Total Adopted 2003-2004 (\$)
Neighborhood Action Center (Planning, Building, & Code Enforcement Department)	\$	\$ 513,898	\$ 513,898
This program will provide code enforcement services to two Project Crackdown areas and support for two Neighborhood Action Centers.			
Anti-Graffiti Program (Parks, Recreation, & Neighborhood Services Department)		519,374	519,374
This program will provide short and long term abatement of graffiti on public and private property. The program offers technical assistance, education programs, and enforcement of the blight ordinance.			
Anti-Litter Program (Parks, Recreation, & Neighborhood Services Department)		248,030	248,030
This program will decrease the presence of litter blight in San José through public education, coordination of law enforcement agencies, and recruitment of volunteers. Physical improvements such as fences, surveillance cameras, and warning signs will be installed where needed. The project will concentrate efforts in SNI areas.			
Accounting for CDBG (Finance Department)		192,640	192,640
This program will continue to provide accounting services required for administration of the CDBG and Housing Rehabilitation Programs.			
Subtotal – City Programs:	\$	\$ 5,075,792	\$ 5,075,792
Total All CDI Programs	\$	\$ 13,742,200	\$ 13,742,200

Healthy Neighborhoods Venture Fund*

M I S S I O N

S moking and tobacco-related illnesses have been a major public health issue, particularly in recent years as more lawsuits were brought by individuals and entities against the tobacco industry. The attorneys general of most States and the major United States tobacco companies agreed to settle more than 40 pending lawsuits brought by States against the tobacco industry. In exchange for dropping their lawsuits, and agreeing not to sue in the future, the States will receive billions of dollars in payments from the tobacco companies. Further, the companies will restrict their marketing activities and establish new efforts to curb tobacco consumption. The City, along with the other States and local government entities, joined in the settlement.

The Master Settlement Agreement (MSA) was signed by parties to the lawsuit on November 23, 1998.

The City is expected to receive an estimated \$250 million over the next 25 years. With the involvement of the community, the City Council established priorities and criteria to guide the distribution of these funds. These priorities and criteria are detailed in the discussion that follows.

* Finances of this fund may be found in the source and use statement entitled, "Anti-Tobacco Master Settlement Agreement Revenue Fund".

Healthy Neighborhoods Venture Fund

Budget Summary

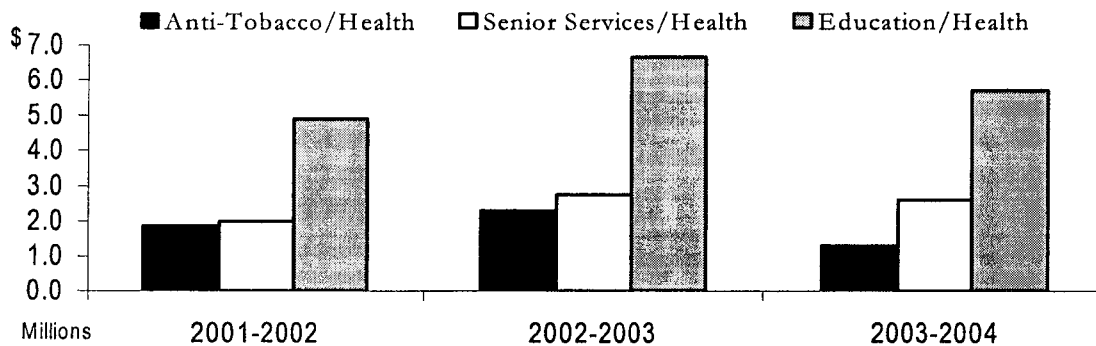
	2002-2003 Adopted	2003-2004 Adopted	Change
Anti-Tobacco/Health Activities	\$ 2,317,702	\$ 1,333,212	(42.5%)
Senior Services/Health Activities	\$ 2,759,544	\$ 2,557,026	(7.3%)
Education/Health Activities	\$ 6,659,956	\$ 5,682,368	(14.7%)

Budget Highlights 2003-2004

- As recommended in the Mayor's March Budget Message, the City Council approved the transfer of \$10.0 million to the General Fund to assist the City in minimizing the impact of the economic downturn on City services.
- Total funding of \$2.1 million for the Children's Health Initiative project to provide health insurance to children whose families have income at or below 300% of the federal poverty level is included for 2003-2004.
- Total funding of \$2.91 million for homework centers is included for 226 existing sites throughout the City of San Jose.

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Healthy Neighborhoods Venture Fund Allocation by Category



Healthy Neighborhoods Venture Fund

Fund Overview

The City of San José estimates \$250 million will be received over 25 years from the national settlement with tobacco companies. It is estimated that the ongoing allocation for the next 23 years will be approximately \$10 million per year.

On June 27, 2000 the City Council adopted an ordinance establishing a special fund (Anti-Tobacco Master Settlement Agreement Revenue Fund) for receipt and use of tobacco settlement funds. On September 5, 2000, the City Council approved an allocation plan, timeline, criteria, and funding priorities for the use of these funds, hereafter referred to as the Healthy Neighborhoods Venture Fund (HNVF) Program. Originally, the plan required that 25% of the funds be allocated to existing or new anti-tobacco/health activities, 25% to senior services/health activities, and the remaining 50% to education/health activities (i.e., “25-25-50” allocation). This allocation plan also allowed up to 50% of available funds to be allocated as ongoing funding and the remaining 50% for yearly one-time funding and/or multi-year one-time services and capital projects (limited to a funding term of three years during a single funding cycle). The City Council stipulated that any allocation of HNVF Program funds should be decided through a competitive process.

Cycle 1

The City Council set the first funding process, Cycle 1, to cover the period from January 1, 2000 through June 30, 2001, with up to \$8.5 million available for allocation. Of this amount, the City Council allocated approximately \$6.7 million to 51 projects. As part of Cycle 1, the City Council also approved placements or funding priorities of approximately \$8.8 million to 41 projects for

2001-2002 and approximately \$3.2 million to 14 projects for 2002-2003. A placement “reserves” a future year’s funding allocation for a specific project and does not carryover or obligate previous years’ funding amounts. Receipt of a placement is contingent upon satisfactory performance of goals and contractual requirements as well as City Council appropriation of funds for the coming fiscal year.

The total Cycle 1 placement recommendation in the Education/Health category exceeded funding available in 2001-2002. For this reason, the City Council approved a one-time transfer of \$600,000 from the Anti-Tobacco/Health category to the Education/Health category. This transfer offset the gap and left approximately \$523,000 for allocation in the Cycle 2, 2001-2002 funding process.

Cycle 2

The Cycle 2 funding process covered the period of July 1, 2001 through June 30, 2002. Approximately \$11.3 million was allocated in Cycle 2 and no placements or funding priorities were approved. Following the Cycle 2 process, on November 13, 2001 the City Council approved a revised allocation policy for award of funds in the three funding categories. For future flexibility, the original “25-25-50” allocation formula became a “guideline” rather than a requirement.

Cycle 3

The Cycle 3 funding process covered the period of July 1, 2002 through June 30, 2003. Allowing for a maximum fund administration cost of \$500,000 (approximately 5%), \$9.6 million was available for allocation in Cycle 3.

Healthy Neighborhoods Venture Fund

Fund Overview (Cont'd.)

Cycle 3 (Cont'd.)

This amount included funding of \$100,000 from the Calpine Corporation for allocation in the Education/Health Activities category. Of the amount available in Cycle 3, approximately \$3.2 million was approved for placement projects approved through the Cycle 1 process, leaving approximately \$6.4 million available for new project proposals. Through a combination of placements that returned funds and additional City Council-approved funds, the total amount of funds available for allocation to new projects for 2002-2003 was approximately \$9.1 million. Altogether, a total amount of approximately \$11.7 million was allocated for projects in 2002-2003.

In addition to the \$11.7 million available for allocation in 2002-2003, Homework Centers funding of \$1.12 million was approved to fund approximately 70 existing sites and \$150,000 to fund a line of credit for the Downtown College Preparatory Charter High School.

Cycle 4

The Cycle 4 funding process covers the period of July 1, 2003 through June 30, 2004. In

November 2002, the City Council approved funding priorities totaling \$2.87 million: Homework Centers (\$1.12 million); Children's Health Initiative (\$1.1 million, including a contribution of \$100,000 from the Calpine Corporation); HNPF administration (\$500,000); Downtown College Preparatory Charter High School for one more year (\$150,000); and capacity building workshops for the City's CBO partners (\$100,000). In March 2003, the City Council also approved a transfer of \$10.0 million in Ending Fund Balance to the General Fund to assist the City in minimizing the impact of the economic downturn on City services.

Allowing for the above-mentioned priorities and a modest operating reserve, the amount allocated for new projects in 2003-2004 was approximately \$13.2 million, including use of an additional \$2.1 million from the Ending Fund Balance. The Homework Centers were also given an additional \$1.79 million while the Children's Health Initiative received an additional \$1.0 million, bringing their 2003-2004 allocations to \$2.9 million and \$2.1 million, respectively. The City received requests for funding of \$37.5 million, far exceeding the amount available for allocation.

Healthy Neighborhoods Venture Fund

Fund Summary

	2001-2002 Actual 1	2002-2003 Adopted 2	2003-2004 Adopted 3	% Change (2 to 3)
Dollars by Sources				
Fund Balance	\$ 20,624,414	\$ 18,162,739	\$ 17,047,166	(6.1%)
Program Income	13,005,275	11,625,000	11,465,000	(1.4%)
Total	\$ 33,629,689	\$ 29,787,739	\$ 28,512,166	(4.3%)
Dollars by Uses				
Anti-Tobacco/Health Activities	\$ 2,622,425	\$ 2,317,702	\$ 1,333,212	(42.5%)
Senior Services/Health Activities	2,709,415	2,759,544	2,557,026	(7.3%)
Education/Health Activities	6,199,372	6,659,956	5,682,368	(14.7%)
- SJ College Prep Loan	0	150,000	150,000	0.0%
- Homework Centers	573,642	1,120,000	2,910,300	159.8%
- Smart Start Centers	1,349,677	0	0	N/A
Transfer to the General Fund	0	0	10,000,000	N/A
Fund Balance and Miscellaneous	20,175,158	16,780,537	5,879,260	(65.0%)
Total	\$ 33,629,689	\$ 29,787,739	\$ 28,512,166	(4.3%)

Healthy Neighborhoods Venture Fund

Budget Category: Anti-Tobacco/Health Activities

Budget Category Overview

The goal of the Anti-Tobacco/Health Activities funding area is “to decrease the use of tobacco products and related health problems associated with tobacco use for San José residents, contributing to improved overall health for the city’s population.” Sixteen projects totaling \$1,333,212 are funded in 2003-2004 to implement the City’s anti-

tobacco program. All funded projects in this category will be members of the Anti-Tobacco Collaborative, a group previously comprised of agencies solely funded by the Collaborative and coordinated by the Parks, Recreation, and Neighborhood Services Department. In the future, the Collaborative will be coordinated by the American Lung Association.

Budget Category Summary

	2001-2002 Actual 1	2002-2003 Adopted 2	2003-2004 Adopted 3	% Change (2 to 3)
Anti-Tobacco/Health Activities	\$ 2,622,425	\$ 2,317,702	\$ 1,333,212	(42.5%)
Total	\$ 2,622,425	\$ 2,317,702	\$ 1,333,212	(42.5%)

Healthy Neighborhoods Venture Fund

Budget Category: Anti-Tobacco/Health Activities

Budget Category Summary (Cont'd.)

The following projects are funded in the Anti-Tobacco/Health category:

Adopted Allocation	Rebudget Prior Years Fund (\$)	Cycle 4 Award	Total Adopted 2003-2004 (\$)
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Youth Tobacco Education & Compliance \$ (Police Department)		\$ 54,691	\$ 54,691
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Funding will provide additional capacity to the Department's Youth Tobacco Education & Compliance Program. This program conducts "stings", or compliance checks, of businesses that sell tobacco products as well as tobacco education to 3rd, 5th, and 7th grade students.

Local Enforcement of Tobacco Control Regulations (Planning, Building & Code Enforcement Department)		81,433	81,433
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Funding will provide a Code Enforcement Inspector to enforce local regulations related to smoking in bars, restaurants, and workplaces; display of tobacco products; and tobacco product advertising.

DCARA Healthy Living Program (Deaf Counseling, Advocacy, & Referral Agency)		60,000	60,000
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Funding will provide services and activities related to tobacco use and health that are language accessible (American Sign Language) and culturally sensitive to approximately 300 deaf, deafened, deaf-blind, and hard-of-hearing children, youth, young adults, adults, and seniors.

Inn Vision's Tobacco-Free Health Project (InnVision of Santa Clara Valley)		53,400	53,400
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Funding will provide a program to prevent 2,300 homeless and extremely low-income children from initiating tobacco use and to empower over 6,000 homeless adults to avoid tobacco use.

Foster Youth/Spartan Athletes Mentor and Education Program (The Unity Care Group)		97,010	97,010
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Funding will provide 300 young people in San José who are under the supervision of the County Social Services Agency or Probation Department with seven eight-week workshops. Workshops will work toward the following goals: increased ability to set positive goals; decrease negative behaviors; stop or resist smoking; improve problem-solving and thinking skills; and develop awareness of positive alternatives to prison.

Healthy Neighborhoods Venture Fund

Budget Category: Anti-Tobacco/Health Activities

Budget Category Summary (Cont'd.)

Adopted Allocation	Rebudget Prior Years Fund (\$)	Cycle 4 Award	Total Adopted 2003-2004 (\$)
The Rosa Elena Childcare Center (Respite, Research for Alzheimer's Disease)	\$	\$ 48,950	\$ 48,950
Funding will provide teachers to foster tobacco prevention, education and general wellness to increase the frequency of parents discussing the hazards of tobacco use with their children and support parents.			
Keep the Music Alive (The San José Jazz Society)		250,000	250,000
Funding will provide integration of an anti-tobacco component in its San José Jazz Society program, including a new education and outreach activity targeting 12,225 under-served children in Title I schools. In addition, 91 other arts organizations will be urged to adopt policies not to accept tobacco funding.			
Healthy Stages (Children's Musical Theater San José)		99,440	99,440
Funding will provide a "Theatre As Digital Activity" program that includes on-line discussion groups giving children the opportunity to develop plays with a non-smoking theme. The anti-tobacco plays will be performed at an assembly at five elementary schools and middle schools in San José.			
Cessation Readiness Program (National Council on Alcoholism Santa Clara County)		82,000	82,000
Funding will provide a smoking cessation readiness program for all schools in the East Side Unified High School District during detention, suspension, Saturday schools and regular classroom settings using the Alternative to Suspension-Saturday School (ATS) curriculum developed by the American Lung Association for the Anti-Tobacco Collaborative. The National Council on Alcoholism and Drug Dependence (NCADD) will translate the curriculum into Spanish and Vietnamese.			
Pathway to Family Wellness (Pathway Society, Inc.)		22,825	22,825
Funding will provide six family wellness workshops for 480 low-income parents and their children at four residential substance abuse centers in San José.			

Healthy Neighborhoods Venture Fund

Budget Category: Anti-Tobacco/Health Activities

Budget Category Summary (Cont'd.)

Adopted Allocation	Rebudget Prior Years Fund (\$)	Cycle 4 Award	Total Adopted 2003-2004 (\$)
In the Know-YWCA Tobacco Awareness Program (YWCA of Santa Clara Valley)	\$	\$ 32,040	\$ 32,040
Funding will provide an anti-tobacco education, tobacco cessation and cessation readiness program to approximately 3,000 youth, ages 5-25, at public and private schools and community centers throughout San José.			
San José/Silicon Valley NAACP and Alpha Phi Youth Leadership Academy (The NAACP San José Branch)		26,173	26,173
Funding will provide support for a two-day leadership skills conference for San José high school students. Students will undergo a smoking cessation certification and will provide at least 25 hours of community service, educating communities of color on smoking cessation and prevention.			
Project Crossroads (Asian American Recovery Services)		104,000	104,000
Funding will provide outpatient substance abuse prevention and intervention programming to 150 youth, grades 6-12, at four San José middle and high schools. Services will result in reduced drug usage, improved academic achievement, and increased school attendance among students receiving services. Targeted populations include Vietnamese, Cambodian, Filipino, Latino, Caucasian, and African-American.			
Fostering Tobacco Free Communities (American Lung Association of Santa Clara- San Benito Counties)		149,000	149,000
Funding will provide training and technical assistance in tobacco use prevention, education, cessation, policy and countering tobacco influence to schools, social service and health agencies, and others who sponsor tobacco control services. The American Lung Association of Santa Clara-San Benito Counties will act as the lead for the fiscal year's anti-tobacco collaborative efforts.			
YMCA Anti-Tobacco Program (YMCA of Santa Clara Valley)		22,250	22,250
Funds will provide a program to increase youth's access to anti-tobacco facts while increasing leadership skills. The program will utilize service-learning projects to reinforce skills learned.			

Healthy Neighborhoods Venture Fund

Budget Category: Anti-Tobacco/Health Activities

Budget Category Summary (Cont'd.)

Adopted Allocation	Rebudget Prior Years Fund (\$)	Cycle 4 Award	Total Adopted 2003-2004 (\$)
Almaden Youth Sports Park (Almaden Youth Association, Inc.)	\$	\$ 150,000	\$ 150,000
Funding will provide an anti-tobacco program for members of the youth sports leagues, as well as other youth in the Almaden Valley. Funds will also partially support the construction of a youth sports park to encourage youth participation in team sports, presentations and endorsements, and promotions by local athletes.			
Total Anti-Tobacco/Health Activities	\$	\$ 1,333,212	\$ 1,333,212

Healthy Neighborhoods Venture Fund

Budget Category: Senior Services/Health Activities

Budget Category Overview

The goal of the Senior Services/Health Activities funding area is “to improve the quality of life for seniors through increasing subsidized City sponsored and/or operated programs and services, providing for basic health and nutritional needs, and promoting independent living and social/recreational activities”.

Twenty-one projects totaling \$2,557,026 are funded to implement Senior Services/Health activities in 2003-2004.

Budget Category Summary

	2001-2002 Actual 1	2002-2003 Adopted 2	2003-2004 Adopted 3	% Change (2 to 3)
Senior Services/Health Activities	\$ 2,709,415	\$ 2,759,544	\$ 2,557,026	(7.3%)
Total	\$ 2,709,415	\$ 2,759,544	\$ 2,557,026	(7.3%)

Healthy Neighborhoods Venture Fund

Budget Category: Senior Services/Health Activities

Budget Category Summary (Cont'd.)

The following projects are funded in the Senior Services/Health category:

Adopted Allocation	Rebudget Prior Years Fund (\$)	Cycle 4 Award	Total Adopted 2003-2004 (\$)
Senior Adult Day Care/Respite (Live Oak Adult Day Services)	\$	\$ 53,400	\$ 53,400
Funding will provide a specialized adult day care service for frail, at-risk seniors, emphasizing mental/physical stimulation and socialization.			
Senior Companion Program (Parks, Recreation, & Neighborhood Services Department)		42,578	42,578
Funding will provide 20 frail and homebound seniors with in-home assistance, companionship and respite care by 10 senior companions.			
Senior Safety Education (Fire Department)		77,430	77,430
Funding will provide safety information to approximately 300 seniors a month and use the National Fire Protection Agencies' "Remember When" program, focusing on eight fire prevention and eight fall prevention safety concerns for seniors.			
Senior Services and After School Youth Program (Ethiopian Community Services, Inc.)		106,800	106,800
Funding will provide services to the Ethiopian senior population. Services will include prevention services, information and referral services, and counseling services.			
Day Break Respite and Caregiver Support Services I and II (Catholic Charities of Santa Clara County)		129,083	129,083
Funding will provide respite and caregiver support services, allowing dependent elders to remain safely at home and out of institutional settings for as long as possible.			

Healthy Neighborhoods Venture Fund

Budget Category: Senior Services/Health Activities

Budget Category Summary (Cont'd.)

Adopted Allocation	Rebudget Prior Years Fund (\$)	Cycle 4 Award	Total Adopted 2003-2004 (\$)
Alzheimer's Activity Center (Respite, Research for Alzheimer's Disease)	\$	\$ 26,700	\$ 26,700
Funding will provide 70,000 hours of therapeutic services to 104 extremely low- to moderate-income seniors suffering from Alzheimer's and related memory loss. Services will include activities that encourage physical mobility; enhance and use of cognitive skills; stimulate interaction on a personal and group level; provide monitoring and assistance in the areas of nutrition, personal hygiene, and stability; and increase community education about the disease.			
Community Care for American Indian Elders (Indian Health Center of the Santa Clara Valley)		90,183	90,183
Funding will provide comprehensive and culturally appropriate health care to American Indian elders and their families through the enhancement of health programs that increase access to services and decrease isolation.			
LGBT Senior Services (Billy DeFrank Lesbian and Gay Community Center)		71,715	71,715
Funding will provide expanded services including information and referral, workshops, senior nutrition, and social and recreational activities for lesbian, gay, bisexual, transgender and questioning seniors.			
Adult Day Health Care Scholarship Project (Mexican American Community Services Agency Fund)		96,343	96,343
Funding will provide scholarships through the Adult Day Health Care facility, a comprehensive rehabilitative and therapeutic health care facility. The scholarships will cover the Medi-Cal share of cost for low-income physically and mentally impaired, frail seniors who attend the facility.			
Addressing Gaps in the Aging Services Continuum (Parks, Recreation, & Neighborhood Services Department)		779,499	779,499
Funding will provide additional capacity in senior services, particularly those identified in the City's Aging Services Master Plan, including coordination, nutrition, case management, intergenerational programming, and health as well as multicultural services.			

Healthy Neighborhoods Venture Fund

Budget Category: Senior Services/Health Activities

Budget Category Summary (Cont'd.)

Adopted Allocation	Rebudget Prior Years Fund (\$)	Cycle 4 Award	Total Adopted 2003-2004 (\$)
Seniors Hope (Eastern European Service Agency)	\$	\$ 64,574	\$ 64,574
Funding will provide intensive case management; ESL and citizenship classes; social adjustment training with a strong emphasis on integration into the community at large; and social gatherings and activities to senior citizens, adults, and adults with disabilities from the former Yugoslavia.			
Meals for Low Income Seniors (The Health Trust)		40,923	40,923
Funding will provide an increased number of weekday, hot meals to 30 seniors participating in The Health Trust's Meals on Wheels program.			
Legal Assistance to Elders (Senior Adults Legal Assistance)		58,295	58,295
Funding will provide free legal services to San José elders by continuing on-site services at 10 San José senior centers; expanding services at four existing sites (Eastside, Willow, St. James, and Southside) and to a new site (Almaden); and adding a new telephone hotline to respond to urgent matters (e.g., elder abuse or protective services emergencies).			
Minority Senior Service Providers Consortium Wellness Project (Self-Help for the Elderly)		186,900	186,900
Funding will provide expanded recreation/socialization and information and referral services, including the addition of a new, direct service, wellness program to meet urgent and critical needs of a growing, low-income, non-English-speaking population of Chinese, Japanese, Korean, and Portuguese.			
Foster Grandparent Program (Catholic Charities of Santa Clara County)		43,405	43,405
Funding will provide placement of eight new foster grandparents in Head Start classrooms in South San José, contributing to intergenerational interaction. Also, foster grandparents will receive a small stipend, a daily meal, yearly physical check-up, vacation, and sick leave while participating in the program.			

Healthy Neighborhoods Venture Fund

Budget Category: Senior Services/Health Activities

Budget Category Summary (Cont'd.)

Adopted Allocation	Rebudget Prior Years Fund (\$)	Cycle 4 Award	Total Adopted 2003-2004 (\$)
Long Term Care Ombudsman Program (Catholic Charities of Santa Clara County)	\$	\$ 42,698	\$ 42,698
Funding will provide advocacy and mediation services for frail and chronically ill residents in nursing facilities, assisted living and residential care facilities for the elderly.			
Grandparent Caregiver Resource Center (Catholic Charities of Santa Clara County)		48,283	48,283
Funding will provide expanded health care services available to caregivers, respite care services, and seminars to address the health dangers of smoking for adults and children.			
Older Battered Women's Program (Catholic Charities of Santa Clara County)		130,298	130,298
Funding will provide outreach, education, counseling, and case management services designed to improve the quality of life for senior women who are victims of domestic abuse.			
Scholarships for Warm Water Aquatic Programs (Easter Seals Bay Area)		60,000	60,000
Funding will provide needs-based scholarships for lower-income and senior San José residents to utilize the warm-water aquatic facility.			
Sharing the Stories of Our Seniors (Digital Clubhouse Network)		100,000	100,000
Funding will provide a digital intergenerational learning program that brings seniors in closer contact with youth in the community. Youth will learn valuable life lessons and job skills by teaching their elders how to use technology to preserve and share their life stories, become more connected to their community and lead more productive, independent lives.			
Northside Community Intergenerational Project (FilAmDC/Northside Community Center)		307,919	307,919
Funding will provide a program that utilizes an intergenerational community approach in stabilizing the at-risk behavior and/or environment of youth, adults, seniors, and families. Services focus on the holistic well-being (emotional, physical, and mental health) of clients through technology training, cultural competence, conflict resolution, community service and advocacy.			
Total Senior Services/Health Activities	\$	\$ 2,557,026	\$ 2,557,026

Healthy Neighborhoods Venture Fund

Budget Category: Education/Health Activities

Budget Category Overview

The goal of the Education/Health Activities funding area is “to improve academic success of San José students through programs that address unmet health care needs, provide for healthy developmental age appropriate activities at school sites, and pilot innovative classroom-related activities and instruction”.

On November 5, 2002, the City Council awarded funding priority to the San José Downtown College Prep project (\$150,000), Homework Centers Program (\$1.12 million), and Children’s Health Initiative (\$1.1 million,

including a contribution of \$100,000 from the Calpine Corporation). In addition, through the competitive grant process, the Homework Centers Program was awarded \$1.79 million and the Children’s Health Initiative awarded \$1.0 million, bringing total 2003-2004 HNVF support of those programs to approximately \$2.9 million and \$2.1 million, respectively.

Forty-two additional projects totaling \$5,682,368 are funded to implement Education/Health activities in 2003-2004.

Budget Category Summary

	2001-2002 Actual 1	2002-2003 Adopted 2	2003-2004 Adopted 3	% Change (2 to 3)
Education/Health Activities	\$ 6,199,372	\$ 6,659,956	\$ 5,682,368	(14.7%)
- SJ College Prep Loan	0	150,000	150,000	0.0%
- Homework Centers	573,642	1,120,000	2,910,300	159.8%
- Smart Start Centers	1,349,677	0	0	N/A
Total	\$ 8,122,691	\$ 7,929,956	\$ 8,742,668	10.2%

Healthy Neighborhoods Venture Fund

Budget Category: Education/Health Activities

Budget Category Summary (Cont'd.)

The following projects are funded in the Education/Health category:

Adopted Allocation	Rebudget Prior Years Fund (\$)	Cycle 4 Award	Total Adopted 2003-2004 (\$)
Children's Health Initiative (Santa Clara Family Health Plan)	\$	\$ 2,100,000	\$ 2,100,000
Funding will provide health insurance availability to children whose families have income at or below 300% of the federal poverty level. Included in this amount is \$100,000 from the Calpine Corporation.			
Retention Intervention Program (Vietnamese American Center)		25,000	25,000
Funding will provide a homework assistance and tutorial program for at-risk kindergarten through eight grade students to improve their academic performance and prevent possible retention. The program will also provide educational and cultural mediation workshops for youth and parents, mentorship, and follow-up services for one year after students complete the program			
Literacy-Net: Literacy and Technology Program for Children (San José Grail Development Corporation)		40,000	40,000
Funds will provide 100 low-income, at-risk children with extended after school learning opportunities in reading and technology to help them succeed academically. The program will provide support to parents so that they may become partners in the education of their children.			
Dental Care for Low-Income Families (Tooth Mobile)		187,500	187,500
Funding will provide free, accessible, quality dental services to over 15,000 low-income, uninsured children, adults, and seniors at schools and community centers in San José.			
Project Safe Place/Safe Place Community Outreach (Bill Wilson Marriage and Family Counseling)		71,200	71,200
Funding will provide crisis intervention for youth, community outreach and education, and leadership development activities.			

Healthy Neighborhoods Venture Fund

Budget Category: Education/Health Activities

Budget Category Summary (Cont'd.)

Adopted Allocation	Rebudget Prior Years Fund (\$)	Cycle 4 Award	Total Adopted 2003-2004 (\$)
San José Community Oceanography Program (O'Neill Sea Odyssey)	\$	\$ 30,450	\$ 30,450
Funding will provide low- to moderate-income San José youth with a free, hands-on experience in marine science, navigation, and ecological science.			
Community Classroom Visit Program (The Role Model Program)		37,710	37,710
Funding will provide an intervention program for elementary and middle school students designed to increase educational expectations and positive life choices through short-term mentoring by a caring adult.			
After School Program for Brain Injured Children (Services for Brain Injury)		78,160	78,160
Funding will provide after school sessions two times per week during the first year to address social and behavioral issues that arise when brain injury occurs. Services will include family training to support the child's new learning and offer support to home environment.			
The RAFT/JASON Collaborative (Resource Area for Teachers)		100,000	100,000
Funding will improve academic success of under-served San José students by expanding and enhancing existing education programs that Resource Area for Teachers (RAFT) and The Jason Project already offer. The collaborative will support more teachers, reach more under-served students, and offer programs that pilot innovative classroom activities and instruction.			
Coordinating Care for Our Families Project (Indian Health Center of Santa Clara Valley)		66,750	66,750
Funding will provide expansion of existing services to American Indian families, including parenting classes, youth group, and injury prevention programs while implementing culturally appropriate case management.			
Project Fresh Start (Friends Outside in Santa Clara County)		66,750	66,750
Funding will expand existing counseling services offered to youth and offer counseling services to family members as well, including case management services, after school groups, and transportation to and from youth group counseling.			

Healthy Neighborhoods Venture Fund

Budget Category: Education/Health Activities

Budget Category Summary (Cont'd.)

Adopted Allocation	Rebudget Prior Years Fund (\$)	Cycle 4 Award	Total Adopted 2003-2004 (\$)
Safety Net-Summer Lunch Program for Youth (Parks, Recreation & Neighborhood Services Department)	\$	\$ 25,000	\$ 25,000
Funding will provide a summer lunch program for students in the San José Unified and Alum Rock School Districts.			
Legal Eagle (Fresh Lifelines of Youth, Inc.)		28,581	28,581
Funding will provide an after school 12-week course in law-related education and case management services for at-risk high school youth involved in juvenile crime to teach them about the consequences of crime.			
Job Readiness Program (San José First Community Services)		30,000	30,000
Funding will provide job readiness classes and case management services to support homeless persons and recovering addicts to become tobacco-free as they look for jobs and life-long employment. Services include anti-smoking education and cessation support, anger management and relapse prevention.			
Turn the Tide Children's Education Program (Sacred Heart Community Service)		80,000	80,000
Funding will provide an education program for at-risk, very low-income children, ages birth through high school to turn the tide on the poor academic outcomes. Services include Homework Club, Academic Summer Day Camp, computer learning, tobacco awareness and parent education.			
FAST-Families and Schools Together (Franklin-McKinley School District)		76,362	76,362
Funding will provide an innovative, collaborative, prevention/intervention program in which whole families with at-risk children gather and participate in specific, fun, research-based activities aimed at strengthening families and empowering parents.			

Healthy Neighborhoods Venture Fund

Budget Category: Education/Health Activities

Budget Category Summary (Cont'd.)

Adopted Allocation	Rebudget Prior Years Fund (\$)	Cycle 4 Award	Total Adopted 2003-2004 (\$)
Washington School Based Health Clinic (The Health Trust)	\$	\$ 47,038	\$ 47,038
Funding will provide primary medical care to low-income children (infant through 18 years old) in the San José Unified School District, primarily in the Washington neighborhood. The project will increase immunization rates, reduce costly emergency room visits, increase health enrollment and improve the health of the children in the community by focusing on preventive care.			
The Red Ladder Theatre Company (San José Repertory Theatre)		38,000	38,000
Funding will provide on-going after school performance/workshops for at-risk students from Galarza Elementary School and Gardner Academy to provide healthy alternatives to destructive behavior and to give them life skills to achieve academic engagement and social success.			
Provider Training, Resource, and Activity Center (Continuing Development, Inc.)		60,289	60,289
Funding will provide continuing professional development in early childhood education and business management assistance to family child care providers to enhance school readiness and subsequent long-term employability of children 0-8 years of age.			
Summer Art Studios (San José Museum of Art)		70,518	70,518
Funding will provide a summer apprenticeship program for youth ages 15-17 that teaches art techniques and skills.			
Winchester Neighborhood Even Start Expansion and Enhancement (Campbell Union School District)		58,740	58,740
Funding will increase the number of low-income, non-English speaking families served by Even Start Family Literacy Program in the Winchester SNI area by expanding staff in the infant/toddler education classrooms.			
Teacher Retention, Improvement of Skills, and Health (TRISH) Program (Gunderson High School Foundation)		30,500	30,500
Funding will provide scholarships of up to \$3,000 per calendar year in the form of reimbursement for tuition and books for successful completion of accredited courses leading to improved teaching skills or expanded knowledge in high school academic subjects.			

Healthy Neighborhoods Venture Fund

Budget Category: Education/Health Activities

Budget Category Summary (Cont'd.)

Adopted Allocation	Rebudget Prior Years Fund (\$)	Cycle 4 Award	Total Adopted 2003-2004 (\$)
General Support Renewal (Gardner Family Health Network, Inc.) Funding will provide two additional support staff to each of the three Gardner Family Health Network center operations.	\$	\$ 114,574	\$ 114,574
School-to-Career Program (Goodwill Industries of Santa Clara County) Funding will provide a program to prepare developmentally disabled, 15-22 year old students for the world of work by offering real on-the-job training. Services include individual evaluation and assessment, job coaching, and goal setting.		85,423	85,423
Starfish Corps (City Year San José/Silicon Valley) Funding will provide a 10-week session for third through sixth grade students to introduce them to service and social issues in the areas of the environment, education, peace, diversity appreciation, and health and human needs.		60,000	60,000
Books for Little Hands (Library Department) Funding will provide a comprehensive early literacy program for children (infancy through five years old) in San José that are in child care, including education for child care providers and parents regarding the importance of early literacy and specific techniques to promote literacy with their children.		172,883	172,883
Project PASS (Alliance of African American Community) Funding will provide a community-based alternative, out-of-school suspension program that includes a safe, supervised, and structured environment for middle and high school students suspended from school for one to 10 days.		186,690	186,690

Healthy Neighborhoods Venture Fund

Budget Category: Education/Health Activities

Budget Category Summary (Cont'd.)

Adopted Allocation	Rebudget Prior Years Fund (\$)	Cycle 4 Award	Total Adopted 2003-2004 (\$)
Technology Education Career Hub (Santa Clara County Black Chamber of Commerce)	\$	\$ 200,000	\$ 200,000
Funding will provide low- to moderate-income youth and adults with technical training, supportive services, and career option presentations emphasizing the emerging role of technology in schools, as well as career options for participants completing the technology training.			
Street Reach Project (Mexican American Community Services Agency Fund)		84,806	84,806
Funding will provide gang and substance abuse intervention services to gang-involved youth. Services will emphasize behavior modification and include case management and counseling services, asset development and resiliency skills, and employment readiness.			
Heritage Arts Education (Mexican Heritage Corporation of San José)		89,000	89,000
Funding will provide elementary through high school students with educational, cultural, and art enrichment programs aimed at preserving the Hispanic culture as well as improving school retention and learning outcomes.			
Camp Anytown USA (National Conference for Community and Justice)		62,718	62,718
Funding will provide collaboration with 10 high schools in the East Side Union High School District to organize and provide an intensive four-day/three-night Camp Anytown program. Camp Anytown is meant to lead to a breakdown in stereotypes, bias, and prejudice as well as increase understanding and respect for different races, ethnicities, religions, cultures, and other factors that act to divide communities.			
Project Cornerstone's School Partnership (YMCA of Santa Clara Valley)		61,608	61,608
Funding will provide training and support on the research-based developmental assets framework for school staff, students, and parents.			

Healthy Neighborhoods Venture Fund

Budget Category: Education/Health Activities

Budget Category Summary (Cont'd.)

Adopted Allocation	Rebudget Prior Years Fund (\$)	Cycle 4 Award	Total Adopted 2003-2004 (\$)
Economic Education and Workforce Readiness Program (Junior Achievement of Santa Clara, Inc.)	\$	\$ 50,000	\$ 50,000
Funding will expand the Junior Achievement's workforce readiness and business and economic education programs			
Inspiring Minds and Families (Third Street Community Center)		55,000	55,000
Funding will provide support resources to help families be involved in the education of their children, at the same time being given the opportunity to excel in life long learning for themselves.			
The Boy's Smart Choice Pre-teen Prevention Program (Alum Rock Counseling Center, Inc.)		58,821	58,821
Funding will provide comprehensive after school support services to high-risk boys in grades seven through eight at two middle schools (Sylvandale and McCollum).			
Project Connections (Alum Rock Counseling Center, Inc.)		56,341	56,341
Funding will provide a comprehensive mentoring program that will match 40 volunteers from Silicon Valley corporations to act as mentors, tutors, and coaches to 40 high-risk students at Overfelt High School.			
Youth Corps Program Corps (San José Conservation Corps)		57,770	57,770
Funding will provide an after school tutorial and paid community service program serving 80 at-risk and under-served students at Andrew Hill and Gunderson High Schools.			
Youth Build San José (San José Conservation Corps)		89,000	89,000
Funding will provide a comprehensive youth development program that includes education, paid job training, leadership development, counseling and job placement, while performing community service and community development through the construction and rehabilitation of low-income housing throughout San José.			

Healthy Neighborhoods Venture Fund

Budget Category: Education/Health Activities

Budget Category Summary (Cont'd.)

Adopted Allocation	Rebudget Prior Years Fund (\$)	Cycle 4 Award	Total Adopted 2003-2004 (\$)
CTC/WorkNet Connecting Youth and Families to Technology (Center for Training and Careers)	\$	\$ 29,000	\$ 29,000
Funding will increase youth access to technology as a method of supporting academic achievement, employment/career preparation, and community involvement.			
San José School/City Collaborative After School Enrichment Program (Parks, Recreation, & Neighborhood Services Department)		605,278	605,278
Funding will provide quality after school extended day programs, including literacy, arts, recreation, and enrichment from 2:00 p.m. to 6:00 p.m., Monday through Friday, during the school year. The total amount of funding will be distributed to five agencies, including the Parks, Recreation, and Neighborhood Services Department (\$284,098); YMCA of Santa Clara County (\$160,590); Cross Cultural Community Service Center (\$53,530); the Mexican American Community Services Agency, Inc. (\$53,530); and the Center for Training and Careers (\$53,530).			
Renovation of Youth/Community Center (Matthew Susanj Youth Center, Inc.)		200,463	200,463
Funding will rehabilitate the Matthew Susanj Youth Center. Renovation includes re-roofing, flooring, plumbing and parking lot improvements.			
Asbury Family Center Physical Improvement Project (Teen Challenge)		14,445	14,445
Funding will replace carpets at the Asbury Family Center apartments to help provide a safe, clean, and healthy living environment for the low-income families using the facility.			
Education/Health Activities	\$	\$ 5,682,368	\$ 5,682,368
- San José College Prep Loan		150,000	150,000
- Homework Centers		2,910,000	2,910,000
Total Education/Health Activities	\$	\$ 8,742,668	\$ 8,742,668

Integrated Waste Management Fund

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T*o provide solid waste disposal and recycling services, collection of fees for those services, and City efforts to encourage reduction, reuse, and recycling of solid waste. Services provided through this fund are:*

- *Garbage collection, recycling services, public outreach, and administration;*
- *Management of the City-wide disposal contract (IDC);*
- *Customer billing and customer service*

Integrated Waste Management Fund

Budget Summary

	2002-2003 Adopted	2003-2004 Adopted	Change
Garbage and Recycling Services, Public Outreach, and Administrative Services	\$ 58,720,811	\$ 61,825,344	5.3%
Accounting and Lien Collection	\$ 1,201,230	\$ 1,267,260	5.5%
City-Wide Disposal Contract Mgmt.	\$ 8,277,298	\$ 8,525,617	3.0%

Budget Highlights 2003-2004

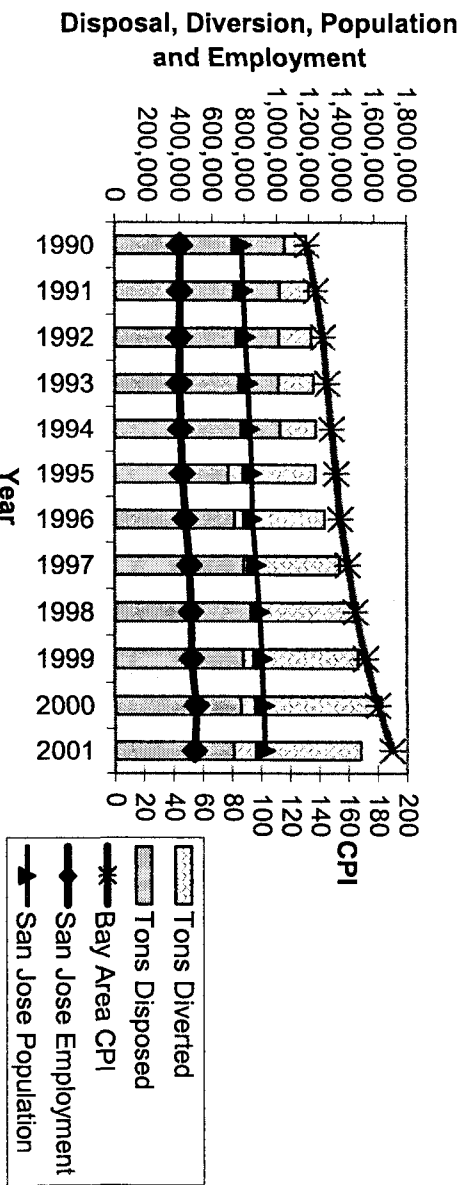
□ In 2003-2004, the main activities of this fund will include: implementing a new Civic Litter Module collection contract with the Valley Transportation Authority; revising the street sweeping routes to reduce sweeps to once a month with 40 curb- miles of additional enforced sweeping; and conducting a study of the Commercial Franchise program.

□ In 2003-2004, the second year of the Council-approved strategy to gradually reduce the Commercial (AB939) Fee by 50%, from \$1.00 to \$0.50 per cubic yard, with a commensurate increase to the Commercial Solid Waste Franchise Fees from \$2.84 to \$3.34 per cubic yard will be implemented. This year, the shift between these fees will be \$0.26 per cubic yard.

□ A key goal for this fund in 2003-2004 is to establish the basis for achieving cost-recovery for both single-family and multi-family garbage and recycling rates over the next five years.

Budget
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Garbology Index



Integrated Waste Management Fund

Fund Overview

In 2003-2004, the second year of the Recycle Plus Program cost-recovery rate increase strategy, originally approved by the City Council in the 2002-2003 Adopted Operating Budget, will be implemented. Increased program costs, coupled by an effort to reduce the General Fund support of programs in this fund do, necessitate however, a more aggressive rate strategy than approved in 2002-2003. Increases in the single-family dwelling (SFD) and multi-family dwelling (MFD) Recycle Plus residential garbage rates of 9% annually for the next two years were approved, effective July 1, 2003. The average single-family household will have a monthly increase of \$1.40 (From \$15.40 to \$16.80). After cost-recovery has been achieved, subsequent increases for both SFD and MFD should reflect only projected cost of living increases and ongoing program expenses to maintain cost-recovery. A multi-year Public Hearing notice was sent to all property owners in April 2003 notifying them of these potential increases in each of the next two years. Even with these increases, compared to other cities of similar size offering similar recycling and garbage services, both nationally and locally, San José will continue to rank among the lowest in single-family dwelling residential garbage rates.

An additional benefit in achieving cost-recovery is the ability to implement a gradual reduction in the Commercial (AB939) Fee. As approved in the 2002-2003 Adopted Operating Budget, there will be a reduction in these fees of 50% from \$1.00 to \$0.50 per cubic yard, with a commensurate increase to the Commercial Solid Waste Franchise Fees from \$2.84 to \$3.34 per cubic yard. In 2002-2003, the AB939 Fee was changed by \$0.14 from

\$1.00 per cubic yard to \$.86 per cubic yard. Correspondingly, the Franchise Fee changed from \$2.84 to \$2.98 per cubic yard. For 2003-2004, a continuation of this strategy will shift an additional \$0.26, changing the AB939 Fee to \$0.60 per cubic yard and the Commercial Solid Waste Franchise Fee from \$2.98 to \$3.24 per cubic yard. Although the total commercial solid waste fee load on businesses will remain the same at \$3.84 per cubic yard, the overall fee changes will bring additional revenues to the General Fund. The final commercial fee shift, as part of the strategy approved in 2002-2003, is anticipated to occur in 2004-2005.

Several actions in this fund were approved to help relieve the General Fund support of programs in the Integrated Waste Management Fund. These include the elimination of \$450,000 in transfers to the Integrated Waste Management Fund to subsidize the Low-Income Rate Assistance program. In addition, a shift in Neighborhood Clean-Up Program costs of \$57,228 was approved.

Continuing in 2003-2004 will be the implementation of an integrated Customer Relationship Management, Utility Billing System, and Partner Relationship Management (CUSP) system that will replace the current billing system; provide more accurate and timely reporting; staff efficiencies; and improved response time to customer inquiries. The CUSP system should also address the increased contract performance monitoring needs that are part of the new Recycle Plus contracts. The new system will allow the City and contractors to more closely track performance and also to share customer service information in real time, leading to more consistent information and improved service.

Integrated Waste Management Fund

Fund Summary

	2001-2002 Actual 1	2002-2003 Adopted 2	2003-2004 Adopted 3	% Change (2 to 3)
Dollars by Sources				
Beginning Fund Balance	\$ 17,233,856	\$ 11,218,409	\$ 8,277,064	(26.2%)
Operating Revenues	63,379,201	64,162,317	68,461,510	6.7%
Interest and Other	1,057,125	546,177	470,544	(13.8%)
Transfers	327,265	450,000	0	(100.0%)
Total	\$ 81,997,447	\$ 76,376,903	\$ 77,209,118	1.1%
Dollars by Uses				
Garbage and Recycling Services, Public Outreach, and Administrative Services	\$ 59,810,523	\$ 58,720,811	\$ 61,825,344	5.3%
Accounting and Lien Collection	781,747	1,201,230	1,267,260	5.5%
City-Wide Disposal Contract Management	8,081,638	8,277,298	8,525,617	3.0%
Ending Fund Balance	13,323,539	8,177,564	5,590,897	(31.6%)
Total	\$ 81,997,447	\$ 76,376,903	\$ 77,209,118	1.1%

Integrated Waste Management Fund

Budget Category: Garbage and Recycling Services, Public Outreach, and Administrative Services

Budget Category Overview

This category provides overall direction to ensure achievement of City objectives related to the reduction of solid waste and waste management. The Garbage and Recycling Services unit oversees and manages the garbage and recyclables collection contracts and customer service for San José residents and franchises for businesses. This unit also designs, evaluates, and implements programs to reduce waste generated by the City; provides policy and technical analysis;

promotes programs for market development; and ensures compliance with environmental laws and permits. The Public Outreach Services unit designs, implements, and evaluates major public education outreach and marketing initiatives in support of recycling, composting, and waste reduction objectives. Administrative Services includes support services provided by various City departments, overhead to the General Fund, as well as Workers' Compensation Claims costs.

Budget Category Summary

Garbage and Recycling Services, Public Outreach, and Administrative Services	2001-2002 Actual 1	2002-2003 Adopted 2	2003-2004 Adopted 3	% Change (2 to 3)
Garbage and Recycling Services	\$ 55,080,460	\$ 54,592,400	\$ 57,943,989	6.1%
Public Outreach	1,673,893	1,177,366	677,366	(42.5%)
Administrative Services	3,056,170	2,951,045	3,203,989	8.6%
Total	\$ 59,810,523	\$ 58,720,811	\$ 61,825,344	5.3%

Integrated Waste Management Fund

Budget Category: Garbage and Recycling Services, Public Outreach, and Administrative Services

Budget Category Summary (Cont'd.)

The following changes were approved in 2003-2004 in the Garbage and Recycling Services, Public Outreach, and Administrative Services allocations:

Adopted Allocation	2002-2003 Adopted	Change	2003-2004 Adopted
Garbage and Recycling Services	\$ 54,592,400	\$ 3,351,589	\$ 57,943,989

The majority of the changes in the 2003-2004 Adopted Budget reflect changes in the 2003-2004 Base Budget. The garbage and recycling contracts reflect an increase to cover rising costs (\$2,150,000) and contractual cost of living increases (\$1,433,293). These increases partially offset the elimination of one-time funding for Public Area Recycling (\$371,155) and Construction and Demolition Recycling Infrastructure grant awards (\$100,000). Actions to reduce residential street sweeping frequency from twice to once-a-month (\$449,486) effective January 1, 2004 (after six month hauler notification), are offset by additional costs for outreach and parking signs (\$452,000); and a shift of \$57,288 of Neighborhood Cleanup ancillary costs from the General Fund is included in this allocation.

Public Outreach	1,177,366	(500,000)	677,366
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The decrease in Public Outreach Services reflects a decrease of \$500,000 due to the elimination of one-time funding for the Transition Outreach program.

Administrative Services	2,951,045	252,944	3,203,989
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Increases for the 2003-2004 Adopted Budget reflect increases in cost of living adjustments for personal services and salary increases, overhead expenses (\$171,745), and workers' compensation claims (\$50,000). In addition, funding is included for an approved action in the Information Technology Department to shift 0.90 Supervising Applications Analyst from the General Fund (\$114,654) to this fund. These increases are partially offset by the elimination of a one-time allocation to the Department of Transportation (\$295,000) for additional parking restriction signs.

In addition, rebudgets of unexpended 2002-2003 funds are included in this program for residential parking restriction signs (\$118,000).

Total Garbage and Recycling Services, Public Outreach, and Administrative Services	\$ 58,720,811	\$ 3,104,533	\$ 61,825,344
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Integrated Waste Management Fund

Budget Category: Accounting and Lien Collection

Budget Category Overview

This category provides accounting and delinquency collection services for the residential Recycle Plus program, including the

Garbage Lien unit. Revenue, expenditure and accounts receivable reconciliation is performed by program staff.

Budget Category Summary

Accounting and Lien Collection	2001-2002 Actual 1	2002-2003 Adopted 2	2003-2004 Adopted 3	% Change (2 to 3)
Accounting and Lien Collection	\$ 781,747	\$ 1,201,230	\$ 1,267,260	5.5%
Total	\$ 781,747	\$ 1,201,230	\$ 1,267,260	5.5%

The following changes were approved in 2003-2004 in the Accounting and Lien Collection allocation:

Adopted Allocation	2002-2003 Adopted	Change	2003-2004 Adopted
Accounting and Lien Collection	\$ 1,201,230	\$ 66,030	\$ 1,267,260

An increase of approximately 5.5% was included in the 2003-2004 Base Budget to fund projected increases in cost of living adjustments and salary increases.

Total Accounting and Lien Collection	\$ 1,201,230	\$ 66,030	\$1,267,260
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Integrated Waste Management Fund

Budget Category: City-Wide Disposal Contract Management

Budget Category Overview

This program manages the City-wide Disposal Agreement and pays the costs of the disposal of residential waste delivered to the Newby Island Landfill.

Budget Category Summary

City-Wide Disposal Contract Management	2001-2002 Actual 1	2002-2003 Adopted 2	2003-2004 Adopted 3	% Change (2 to 3)
City-Wide Disposal Contract Management	\$ 8,081,638	\$ 8,277,298	\$ 8,525,617	3.0%
Total	\$ 8,081,638	\$ 8,277,298	\$ 8,525,617	3.0%

San José entered into a 30-year agreement with IDC (International Disposal Corporation of California, Inc.) in 1985 for City waste disposal services. The City successfully renegotiated changes to the agreement in 1995 in order to maximize the value of the agreement while minimizing the cost and risk to the City. The term was extended through 2020, with additional years if the site is still open. The residential disposal costs paid for from the IWM Fund is to dispose of the waste that is collected by the City's Recycle Plus contractors from single-family dwellings and multi-family dwellings. Disposal of waste generated at City facilities or by City programs, is paid from the General Fund at a lower rate.

The City's payments for residential waste delivered to the Newby Island Landfill consist of the following: an annually adjusted base rate for actual amounts of residential waste delivered to the landfill; fees and taxes that IDC must pay back to the City; State and County surcharges; and regulatory rate payments on a per-ton basis for costs resulting from changes to laws and regulations made after June 6, 1985. The City and IDC also agreed to provide for an additional extension of this agreement should the life of the landfill extend beyond December 31, 2020.

Integrated Waste Management Fund

Budget Category: City-Wide Disposal Contract Management

Budget Category Overview (Cont'd.)

The following changes were approved in 2003-2004 in the City-Wide Disposal Contract Management allocation:

Adopted Allocation	2002-2003 Adopted	Change	2003-2004 Adopted
City-Wide Disposal Contract Management	\$ 8,277,298	\$ 248,319	\$ 8,525,617

An increase of 3% was included in the 2003-2004 Base Budget to fund projected growth and increases in the unit price per ton, due to a cost of living adjustment in the IDC agreement, primarily reflecting increases in fuel prices and disposal surcharges.

Total City-Wide Disposal Contract Management	\$ 8,277,298	\$ 248,319	\$ 8,525,617
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Sewer Service and Use Charge Fund

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T*o account for the financing, construction, and operation of the sanitary sewer system and for San José's share of the financing, construction, and operation of the regional San José/Santa Clara Water Pollution Control Plant (WPCP). Services provided through this fund are:*

- *Sewer maintenance;*
- *Sewer rehabilitation;and*
- *Sewage treatment at the Water Pollution Control Plant*

Sewer Service and Use Charge Fund

Budget Summary

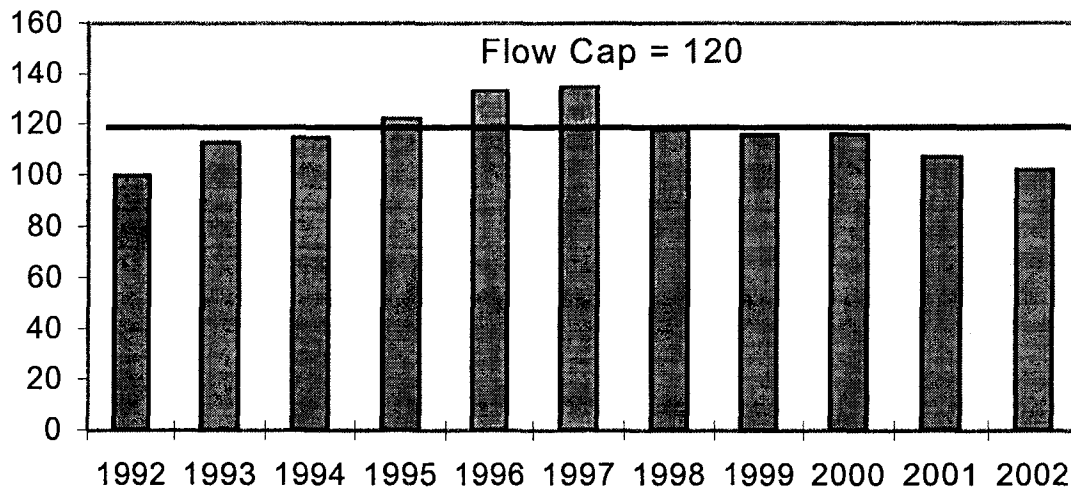
	2002-2003 Adopted	2003-2004 Adopted	Change
Sewer Maintenance and Admin.	\$ 18,638,900	\$ 18,872,703	1.3%
Sanitary Sewer Rehabilitation	\$ 16,000,000	\$ 16,000,000	0.0%
Water Pollution Control Plant	\$ 50,543,557	\$ 50,752,120	0.4%

Budget Highlights 2003-2004

- ☐ The Sewer Service and Use Charge Fee remains at \$18.96 per month for single-family dwellings for the tenth consecutive year.

Budget
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Average Dry Weather Effluent Flow from the Water Pollution Control Plant to the San Francisco Bay (millions of gallons per day)



Sewer Service and Use Charge Fund

Fund Overview

This fund serves as the primary revenue source for several other funds which include the San José-Santa Clara Treatment Plant Operating and Capital Funds, and the Sewer Service and Use Charge Capital Improvement Fund, through annual transfers. In cooperation with the Departments of Environmental Services, Public Works, and Transportation, these funds are managed to deliver services in the most efficient and cost-effective manner.

The primary source of this fund's revenue is the fees paid through assessments to the residential, commercial, and industrial sectors. As the current economic conditions continue, growth for the residential sector is expected to grow at less than 1%, while the commercial and industrial sectors are expected to decline by at least 1% each.

Sewer service and use charges to system customers have remained at the same rate since 1994-1995, and no increase is scheduled for 2003-2004, leaving the charge at \$227.52 per year for a typical single-family dwelling.

The fund balance has been significantly reduced over the last several years and will drop below the goal level of 15% of expenses by 2004-2005. In addition to salary and other inflation factors, the San José-Santa Clara Treatment Plant Capital Fund has significant increases in future expenditures to address aging infrastructure needs. Several major components of the treatment plant are reaching the end of their useful years of service, thereby creating the need for several significant infrastructure upgrades and rehabilitation projects as described in the 2004-2008 Adopted Capital Improvement Program. Modest rate increases within the five-year period will be required to fund these needs.

Included in the fund balance is a Rate Stabilization Reserve of \$2 million, which was established in response to covenants in the bonds issued in 1995 to finance the construction of the South Bay Water Recycling project.

Fund Summary

	2001-2002 Actual 1	2002-2003 Adopted 2	2003-2004 Adopted 3	% Change (2 to 3)
Dollars by Sources				
Beginning Fund Balance	\$ 29,587,795	\$ 27,728,255	\$ 23,198,459	(16.3%)
Sewer Service and Use Charges	69,614,997	69,478,629	69,165,899	(0.5%)
Interest and Other	1,366,741	1,056,000	545,300	(48.4%)
Transfers	24,000	8,923,557	8,098,120	(9.3%)
Total	\$ 100,593,533	\$ 107,186,441	\$ 101,007,778	(5.8%)
Dollars by Uses				
Sewer Maintenance and Administration	\$ 18,012,151	\$ 18,638,900	\$ 18,872,703	1.3%
Sanitary Sewer Rehabilitation	16,000,000	16,000,000	16,000,000	0.0%
Water Pollution Control Plant	39,516,557	50,543,557	50,752,120	0.4%
Ending Fund Balance	27,064,825	22,003,984	15,382,955	(30.1%)
Total	\$ 100,593,533	\$ 107,186,441	\$ 101,007,778	(5.8%)

Sewer Service and Use Charge Fund

Budget Category: Sewer Maintenance and Administration

Budget Category Overview

This program is responsible for sewer system maintenance and administrative services. System Maintenance is performed by the Department of Transportation, the Department of Public Works, and the General Services Department to repair damaged sewer pipes and maintain

the system infrastructure. The Information Technology Department is also included in this category. Administrative Services include support services provided by various City departments, overhead to the General Fund, fees charged by the County for collecting assessments, and audit costs.

Budget Category Summary

Sewer Maintenance and Administration	2001-2002 Actual 1	2002-2003 Adopted 2	2003-2004 Adopted 3	% Change (2 to 3)
System Maintenance	\$ 9,446,775	\$ 11,112,796	\$ 11,499,914	3.5%
Flow Reduction	303,920	0	0	0%
Administrative Services	8,261,456	7,526,104	7,372,789	(2.0%)
Total	\$ 18,012,151	\$ 18,638,900	\$ 18,872,703	1.3%

During 2001-2002, the City's Finance Department renegotiated fees associated with the collection of tax-based revenues with the County of Santa Clara. As a result, annual savings to the collection costs allocation total \$400,000 in this fund.

Flow reduction activities for San José residents were previously budgeted in this fund. Effective 2002-2003, however, all flow reduction activities were shifted to the Treatment Plant Operating Fund, which provides services to the entire tributary area.

Sewer Service and Use Charge Fund

Budget Category: Sewer Maintenance and Administration

Budget Category Summary (Cont'd.)

The following changes were approved in 2003-2004 in the Sewer Maintenance and Administrative Services allocation:

Adopted Allocation	2002-2003 Adopted	Change	2003-2004 Adopted
System Maintenance	\$ 11,112,796	\$ 387,118	\$ 11,499,914

Changes in the System Maintenance Program for the 2003-2004 Adopted Operating Budget were primarily due to salary increases and cost of living adjustments. These increases were partially offset by the elimination of one-time funding in the Department of Transportation for sanitary sewer equipment (\$235,000), staffing reductions in the Information Technology Department (\$23,866), and approved reductions in vehicle maintenance staffing levels (\$13,000).

In addition, rebudgets of unexpended 2002-2003 funds are included in this program for sanitary sewer utility trucks (\$150,000).

Administrative Services	7,526,104	\$ (153,315)	7,372,789
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The decrease in this category can be attributed to the reduction of costs associated with the collection of tax-based revenues (\$452,000), a reduction to overhead transfers (\$114,150), and a decrease in the Environmental Services Department non-personal/equipment allocation (\$44,865) due to an adjustment of the Department's cost allocation plan. These decreases were partially offset by salary increases and cost of living adjustments. In addition, an allocation for Sanitary Sewer Claims (\$375,000), previously paid for from the General Fund, is included in 2003-2004.

Total Sewer Maintenance and Administration	\$ 18,638,900	\$ 233,803	\$ 18,872,703
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Sewer Service and Use Charge Fund

Budget Category: Sanitary Sewer Rehabilitation

Budget Category Overview

The Sanitary Sewer System Rehabilitation Program consists of capital projects designed to rehabilitate the sanitary sewer system, with higher priorities given to those with extensive, severe

deterioration. Rehabilitation projects of existing sewers are selected on the basis of pipe corrosion studies, maintenance reports, infiltration analysis, and actual pipe failures.

Budget Category Summary

	2001-2002 Actual 1	2002-2003 Adopted 2	2003-2004 Adopted 3	% Change (2 to 3)
Sanitary Sewer Rehabilitation				
Transfer to Capital Fund	\$ 16,000,000	\$ 16,000,000	\$ 16,000,000	0.0%
Total	\$ 16,000,000	\$ 16,000,000	\$ 16,000,000	0.0%

The following changes were approved in 2003-2004 in the Transfer to Capital Fund allocation:

Adopted Allocation	2002-2003 Adopted	Change	2003-2004 Adopted
Transfer to Capital Fund	\$ 16,000,000	\$ 0	\$ 16,000,000

The Sanitary Sewer System Rehabilitation program is funded by an annual transfer of \$16 million to the Sewer Service and Use Charge Capital Improvement Fund from the Sewer Service and Use Charge Fund to support the costs of rehabilitation of existing sewers. Major projects currently in the planning or construction stages include those related to the rehabilitation of the Major Interceptor System, neighborhood sewers, and the Inflow and Infiltration (I&I) Reduction projects. The rehabilitation projects will prevent and/or correct pipe failures such as collapses, flow stoppage, and the spilling of sewage. The I&I Reduction projects will reduce the volume of ground water entering the sewer collection system which help to reduce the volume of effluent discharged by the Water Pollution Control Plant. The specific elements of this program are described in the 2004-2008 Adopted Capital Improvement Program.

Total Transfer to Capital Fund	\$ 16,000,000	\$ 0	\$ 16,000,000
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Sewer Service and Use Charge Fund

Budget Category: Water Pollution Control Plant

Budget Category Overview

This program provides for operational costs, support services, and debt service requirements for the San José/Santa Clara Water Pollution Control Plant (WPCP). This regional wastewater treatment facility serves eight tributary sewage collection agencies, including municipalities and sanitary

sewer districts. The WPCP processes wastewater, operates a Biosolids Reuse Program, and administers the South Bay Water Recycling Project. In addition, it plans, designs, and constructs new wastewater treatment facilities and provides system maintenance.

Budget Category Summary

	2001-2002 Actual 1	2002-2003 Adopted 2	2003-2004 Adopted 3	% Change (2 to 3)
Water Pollution Control Plant				
Treatment Plant Operating Fund	\$ 26,000,000	\$ 40,565,000	\$ 38,000,000	(6.3%)
Treatment Plant Capital Fund	1,055,000	1,055,000	5,454,000	417.0%
SBWR Revenue Bonds ('95)	5,957,653	5,956,430	7,298,120	22.5%
SJ/SC CWFA Payment ('97)	6,503,904	2,967,127	0	(100.0%)
Total	\$ 39,516,557	\$ 50,543,557	\$ 50,752,120	0.4%

Transfers to the above wastewater-related funds support the operating, capital and debt service costs of the Water Pollution Control Plant.

One of the primary concerns and source of expenditures in the past several years has been diversion activities associated with the 120 million gallons per day (mgd) flow trigger to the South San Francisco Bay. The diversion of fresh water effluent from the Bay prevents saltwater marsh conversion. This diversion of fresh water has been primarily achieved through the Revised South Bay Action Plan (Plan), as approved by City Council in June 1997.

The projects within this Plan include expanded water recycling, industrial water recycling/

reuse, inflow/infiltration reduction, and environmental enhancement pilots.

Recycled water is used by industrial and institutional users, diverting water that would otherwise be discharged to the Bay. For 2003-2004, approximately 11 mgd of recycled water is projected to be delivered to customers during the dry weather period.

For the reporting period during 2002, the dry weather flow averaged 102 mgd. This effluent flow measure reflects the continuing trend of reduced flows to the Bay. The 2001 reported effluent was 107 mgd representing a significant reduction from 2000 of 116 mgd. These decreased effluent flows reflect the decline in economic activity as well as increased recycled water usage.

Sewer Service and Use Charge Fund

Budget Category: Water Pollution Control Plant

Budget Category Summary (Cont'd.)

The following changes were approved in 2003-2004 in the Treatment Plant Operating Fund, Treatment Plant Capital Fund, and SBWR Revenue Bonds ('95):

Adopted Allocation	2002-2003 Adopted	Change	2003-2004 Adopted
Treatment Plant Operating Fund	\$ 40,565,000	(2,565,000)	\$ 38,000,000
For 2003-2004, a decrease of \$2.565 million to the Treatment Plant Operating Fund is possible due to a better than expected ending fund balance from savings generated over the past year.			
Treatment Plant Capital Fund	1,055,000	4,399,000	5,454,000
An increased transfer is necessary to provide sufficient funding for construction projects at the Water Pollution Control Plant including the Plant Wet Weather Reliability Improvements, and several large studies scheduled to begin during 2003-2004.			
SBWR Revenue Bonds ('95)	8,923,557	(1,625,437)	7,298,120
The completion of the repayment for the San José-Santa Clara Clean Water Financing Authority 1997 series bonds offset by an increase in payment for the San José-Santa Clara Clean Water Financing Authority 1995 series bonds allows for a reduction of debt service payments totaling \$1.6 million.			
Total Water Pollution Control Plant	\$ 50,543,557	\$ 208,563	\$ 50,752,120

Storm Sewer Operating Fund

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T*o provide for the acquisition, reconstruction, maintenance, and operation of the Storm Sewer system. Services provided through this fund are:*

- *Storm sewer maintenance and administration;*
- *and*
- *Storm sewer improvements*

Storm Sewer Operating Fund

Budget Summary

	2002-2003 Adopted	2003-2004 Adopted	Change
Storm Sewer Maint. and Admin.	\$ 13,274,056	\$ 12,793,948	(3.6%)
Storm Sewer Improvements	\$ 1,250,000	\$ 1,853,000	48.2%

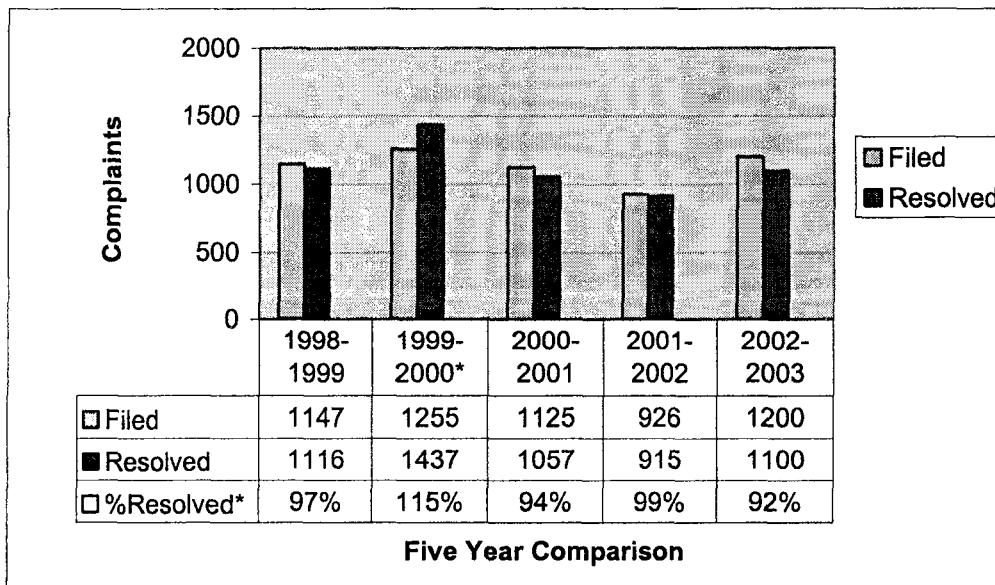
Budget Highlights 2003-2004

□ The second year of a multi-year rate increase strategy will increase Storm Sewer Service Charge rates by 4.5% for 2003-2004, to provide adequate funding to operate the storm sewer system and to maintain a modest capital improvement program.

□ For 2003-2004, funding for the Storm Sewer capital improvement program has increased 48% over 2002-2003 levels as efficiency savings in program administration are realized and funds are transferred to complete additional infrastructure improvements to the storm sewer system.

**Budget
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Urban Runoff Program Illicit Connection and Illegal Dumping Enforcement



* % Resolved may be greater than 100% due to cases opened in previous years

Storm Sewer Operating Fund

Fund Overview

The Storm Sewer Operating Fund was created to maintain and operate the storm sewer collection system and improve the quality of the City's storm and surface water runoff. Expenditures in the Storm Sewer Operating Fund support Pollution Control, System Maintenance and Operations, Storm Sewer Improvements, and Administrative Services. In order to protect water quality in local streams and the South San Francisco Bay, the National Pollutant Discharge Elimination System (NPDES) Storm Water permit requires the City to implement pollution prevention activities and controls to prevent pollutants from entering the storm sewer collection system.

In 1994-1995, the Storm Sewer Capital Fund was created to differentiate costs for capital storm sewer system improvements. Each year, monies are transferred from the Storm Sewer Operating Fund to the capital fund to fund these improvements. Virtually all of the Storm Sewer Operating Fund's revenue is generated by fees collected from residents and businesses.

In 1998, the City hired a consultant to develop a rate structure that would more equitably distribute costs among the properties served by the system. In 1999, City Council adopted a new rate structure that includes charges for all properties served by the storm sewer system and is related to characteristics of storm water discharge. Rates are based on the relative quality and quantity of storm water runoff contributed by residential, commercial and industrial properties.

When rates were restructured in 1999, the City Council directed rates to be set at a level that yielded no increase in revenue over the prior year. As a result, single family residential fees decreased by 15%, from \$47.40 to \$40.48. Rates for other residential categories dropped

similarly. In June 2002, a multi-year rate strategy with increases of 4% to 4.5% annually was approved by City Council for a three-year period in order to provide funding for the Storm Sewer capital improvement program. For 2003-2004, the second year of this rate strategy was approved, increasing Storm Sewer Service Charge rates by 4.5%, raising the average annual single-family residential rate by \$1.92, from \$42.00 to approximately \$43.92.

In 2002, an efficiency study of the Storm Sewer Operating Fund was completed and an analysis of the recommendations was completed in March 2003. As part of the Adopted Budget, one of the recommendations, the elimination of the Storm Sewer complaint graveyard shift, was approved. This resulted in the reduction of one position, and realignment of staffing levels with service needs in the Department of Transportation. These adjustments result in annual savings of \$88,845 to this fund.

The most significant change in the Storm Sewer Operating Fund is the approved reduction of residential street sweeping frequency from twice to once monthly. Coupled with this reduction is a pilot program in the Department of Transportation to enhance and expand parking enforcement on sweep days in those neighborhoods impacted by more than 50% with parked cars. It is anticipated that the increased parking enforcement will significantly increase the efficiency of the revised street sweeping program. As a result, in the Storm Sewer Operating Fund, \$50,000 in savings is anticipated in 2003-2004 after six-month notification is given to the haulers, and \$553,000 in ongoing savings will be realized starting in 2004-2005 due to the reallocation of the remaining street sweeping contract costs between the Integrated Waste Management Fund and the Storm Sewer Operating Fund.

Storm Sewer Operating Fund

Fund Overview (Cont'd.)

The current five-year NPDES Storm Water permit was approved in February 2001, but strict requirements for new development and redevelopment were added in October 2001. The Departments of Public Works, Environmental Services, and Planning, Building and Code Enforcement have been working together to address these additional requirements and are in the process of developing Best Management Practices for these items.

Total expenditures for pollution control efforts related to the NPDES permit have declined slightly, despite the implementation of new requirements under the permit. For example, the requirement to expand the commercial and industrial facilities inspection program to include an additional 1,000 restaurants annually

has been performed with no additional staffing. Also, San José's financial contribution to the Santa Clara Valley Urban Runoff Pollution Prevention Program will be held steady for 2003-2004 despite increased permit fees imposed by the State.

The Departments of Environmental Services, Public Works, and Transportation are primarily responsible for maintenance of the storm sewer system, as well as for construction and pollution prevention activities. Together, these departments are responsible for the management of the Storm Sewer Operating and Capital funds. Other department activities, such as those of General Services and Planning, Building & Code Enforcement are also affected by the storm water permit requirements.

Fund Summary

	2001-2002 Actual 1	2002-2003 Adopted 2	2003-2004 Adopted 3	% Change (2 to 3)
Dollars by Sources				
Beginning Fund Balance	\$ 3,468,510	\$ 2,789,415	\$ 2,946,417	5.6%
Assessments	12,687,001	13,409,939	13,703,585	2.2%
Interest and Other	258,096	164,500	90,500	(45.0%)
Total	\$ 16,413,607	\$ 16,363,854	\$ 16,740,502	2.3%
Dollars by Uses				
Storm Sewer Maint. & Administration	\$ 11,101,015	\$ 13,274,056	\$ 12,793,948	(3.6%)
Storm Sewer Improvements	1,700,000	1,250,000	1,853,000	48.2%
Ending Fund Balance	3,612,592	1,839,798	2,093,554	13.8%
Total	\$ 16,413,607	\$ 16,363,854	\$ 16,740,502	2.3%

Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Overview

This category of program costs includes funding for storm sewer system maintenance, pollution control, and administrative services. System Maintenance is performed by the Transportation and Public Works Departments to repair damaged storm sewer pipes and maintain the system infrastructure. The Pollution Control category

includes the cost of efforts to ensure City compliance with the NPDES Storm Water Permit requirements. Administrative Services includes support services provided by various City departments, overhead to the General Fund, fees charged by the County for collecting assessments, and loan repayments.

Budget Category Summary

Storm Sewer Maintenance and Administration	2001-2002 Actual 1	2002-2003 Adopted 2	2003-2004 Adopted 3	% Change (2 to 3)
System Maintenance	\$ 3,059,011	\$ 2,506,991	\$ 2,426,180	(3.2%)
Pollution Control	6,700,700	8,708,378	8,645,157	(0.7%)
Administrative Services	1,341,304	2,058,687	1,722,611	(16.3%)
Total	\$ 11,101,015	\$ 13,274,056	\$ 12,793,948	(3.6%)

Three major factors impact the costs of programs supported by this fund: 1) aggressive pollution control programs mandated by the City's NPDES Storm Water permit; 2) the increasing age of the storm sewer system, which results in higher maintenance costs and a growing need for replacement and rehabilitation; and 3) the extent of the system's growth due to new development construction.

During 2001-2002, the City's Finance Department renegotiated with the County of Santa Clara the fees associated with the collection of tax-based revenues. As a result, annual savings to the collection costs allocation, totaling \$90,000, have been realized in this fund.

Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Summary (Cont'd.)

The following changes were approved in 2003-2004 in the System Maintenance, Pollution Control, and Administrative Services allocations:

Adopted Allocation	2002-2003 Adopted	Change	2003-2004 Adopted
System Maintenance	\$ 2,506,991	\$ (80,811)	\$ 2,426,180
The reduction in the System Maintenance program can be attributed to salary changes and position reallocations reflected in the Department of Transportation Base Budget (\$143,861), the elimination of the storm sewer complaint graveyard shift and realignment of staffing levels in the Department of Transportation (\$88,845 in this fund), approved reductions in vehicle maintenance staffing levels (\$15,000), and reduced lease costs in the General Services Department (\$8,052). These reductions were partially offset by salary increases and cost of living adjustments (\$174,947).			
Pollution Control	8,708,378	(63,221)	8,645,157
The change in the Pollution Control program results from a reduction in residential street sweeping from twice to once-per-month (\$50,000 of savings in 2003-2004 and ongoing savings of \$553,000). The reallocation of street sweeping contract costs between the Integrated Waste Management Fund and the Storm Sewer Operating Fund allow for these ongoing savings. In addition, a reduction in vehicle maintenance and operations costs reflected in the Base Budget (\$30,100). These reductions were partially offset by salary increases and cost of living adjustments (\$16,879).			
Administrative Services	2,058,687	(336,076)	1,722,611
The change in the Administrative Services program results from a reduction in the contingency reserve (\$250,000), the fee charged by the County for collecting the storm sewer assessments through the property tax roles (\$90,000), and overhead transfers (\$1,147). These reductions were partially offset by salary increases and costs of living adjustments in the Information Technology Department (\$5,071).			
Total Storm Sewer Maintenance and Administration	\$ 13,274,056	\$ (480,108)	\$ 12,793,948

Storm Sewer Operating Fund

Budget Category: Storm Sewer Improvements

Budget Category Overview

The Storm Sewer Improvements Program consists of capital projects designed to construct storm sewer systems to convey surface runoff in the City's Urban

Service Area to adjacent stream channels and to enhance existing storm sewer capacity and improve operations.

Budget Category Summary

	2001-2002 Actual 1	2002-2003 Adopted 2	2003-2004 Adopted 3	% Change (2 to 3)
Storm Sewer Improvements				
Transfer to Capital Fund for Storm Sewer Improvements	\$ 1,700,000	\$ 1,250,000	\$ 1,853,000	48.2%
Total	\$ 1,700,000	\$ 1,250,000	\$ 1,853,000	48.2%

The following changes were approved in 2003-2004 in the Storm Sewer Improvements allocation:

Adopted Allocation	2002-2003 Adopted	Change	2003-2004 Adopted
Transfer to Capital Fund for Storm Sewer Improvements	\$ 1,250,000	\$ 603,000	\$ 1,853,000

Storm Sewer Improvements funding is transferred from the Storm Sewer Operating Fund to the Storm Sewer Capital Fund to support improvements to the existing storm sewer system. Funding for capital improvements has been reduced in past years when Storm Sewer Service Charge fees were held steady. For 2003-2004, efficiency savings in this fund, combined with a rate increase of 4.5%, will provide an additional \$603,000 to fund storm sewer capital improvements.

Total Transfer to Capital Fund for Storm Sewer Improvements	\$ 1,250,000	\$ 603,000	\$ 1,853,000
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Transient Occupancy Tax Fund

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T*o provide funding for the Conventions, Arts and Entertainment Operating Subsidy, Cultural Grants, and the San José Convention and Visitors Bureau*

Beginning in 1982, the City Council initiated a 6% Transient Occupancy Tax (TOT) on all hotel/motel rooms in San José. The revenues are collected in the TOT Fund (461) and the increment of growth is distributed by formula to three program categories: the Conventions, Arts and Entertainment Operating Subsidy (50% of the TOT increase), Cultural Grants (25% of the TOT increase) and the San José Convention and Visitors Bureau (25% of the TOT increase)

Transient Occupancy Tax Fund

Budget Summary

	2002-2003 Adopted	2003-2004 Adopted	Change
CAE Operating Subsidy	\$ 6,044,865	\$ 4,438,740	(26.6%)
Cultural Grants	\$ 3,789,386	\$ 2,764,323	(27.1%)
San José Convention & Visitors Bureau	\$ 3,215,750	\$ 2,412,688	(25.0%)

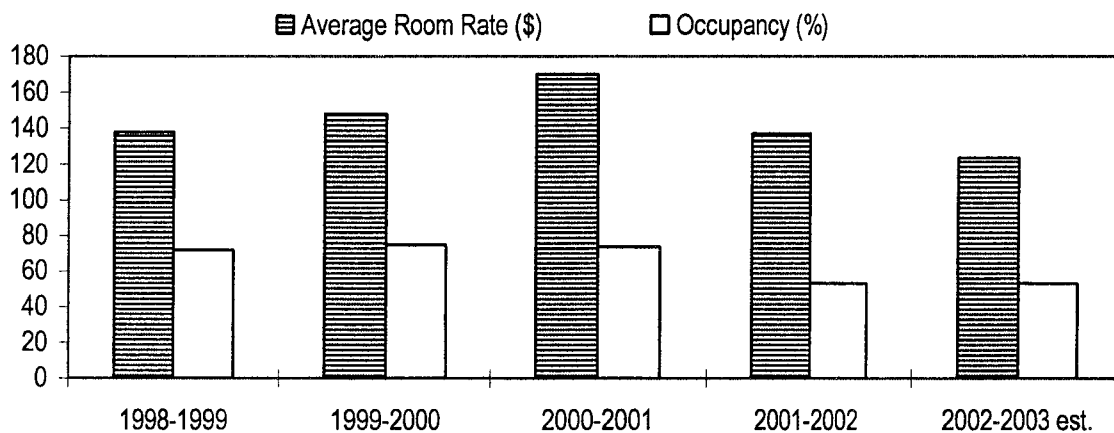
Budget Highlights 2003-2004

□ Although a modest (3.5%) increase from the projected current year collection level for Transient Occupancy Tax (TOT) revenue is anticipated, this would still represent a total well below recent years due to a 13.7% drop in revenue in 2002-2003 and a 37.7% drop in collections in 2001-2002. Additional hotel rooms and a modest recovery is anticipated for occupancy levels and room rates on the existing room base.

□ Projected revenues for 2003-2004 and adjustments to account for undercollection in 2002-2003, will result in a 25-27% drop in the allocations for the three recipient organizations.

Budget
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TOT Indicators: Room Rates and Occupancy



Transient Occupancy Tax Fund

Fund Overview

The 2003-2004 Adopted Budget for the City's Transient Occupancy Tax (TOT) Fund presumes a 3.5% growth over the level of revenue expected to be collected in fiscal year 2002-2003. The increase reflects both the expected impact of a mild recovery from the recent two years precipitous drop in the travel industry, and the presence of additional hotel rooms. As an example of just how disastrous it was for the travel industry, the 2002-2003 estimated collection level is about 7.8% below that of the 2001-2002 actual collection level, which already was 37.7% below that of 2000-2001 actual receipts.

By ordinance, the TOT Fund is used to provide funding for the Conventions, Arts and Entertainment (CAE) Operating Subsidy, Cultural Grants, and the San José Convention and Visitors Bureau.

As a result of an approximate \$600,000 shortfall in revenue in 2002-2003, all three recipients received overallocation of proceeds based on the higher revenue estimate. These overages will need to be taken back from their 2003-2004 allocation. The apparent larger decrease in the allocation in 2003-2004 for Cultural Grants actually reflects the fact that the 2002-2003 budget included a one-time rebudget of unexpended 2001-2002 grants in the amount of \$450,000 versus a \$228,000 rebudget for 2002-2003.

The ending fund balance is made up of a reserve for encumbrances, reserve for loans outstanding, and unrestricted fund balance.

Fund Summary

	2001-2002 Actual 1	2002-2003 Adopted 2	2002-2003 Estimate 3	2003-2004 Adopted 4	% Change (2 to 4)
Dollars by Sources					
Beginning Fund Balance	\$ 5,816,451	\$ 1,651,738	\$ 1,722,125	\$ 829,641	(49.8%)
TOT Revenues	10,199,040	12,600,000	9,400,000	9,987,750	(20.7%)
Interest	228,256	150,000	100,000	100,000	(33.3%)
Total	\$ 16,243,747	\$ 14,401,738	\$ 11,222,125	\$ 10,917,391	(24.2%)
Dollars by Uses					
CAE Operating Subsidy	\$ 6,865,609	\$ 6,044,865	\$ 4,721,007	\$ 4,438,740	(26.6%)
Cultural Grants	3,779,080	3,789,386	3,294,460	2,764,323	(27.1%)
SJ Convention/Visitors Bureau	3,876,933	3,215,750	2,303,010	2,412,688	(25.0%)
Rev Enhancement Consulting	-	-	36,000	-	N/A
Technical Assistance Prog.	-	38,007	38,007	-	(100.0%)
Ending Fund Balance	1,722,125	1,313,730	829,641	1,301,640	(0.9%)
Total	\$ 16,243,747	\$ 14,401,738	\$ 11,222,125	\$ 10,917,391	(24.2%)

Transient Occupancy Tax Fund

Budget Category: Conventions, Arts and Entertainment Operating Subsidy

Budget Category Overview

The CAE Operating Subsidy supports administration, maintenance, and operations at the Convention and Cultural Facilities, which include the Convention Center, Center for Performing Arts, Montgomery Theater, Civic Auditorium, Parkside Hall, and McCabe Hall. The remaining operating costs are funded by operating revenues from these facilities, which are captured in the Convention and Cultural Affairs Fund. Because the total operating expenses are not delineated by funding source,

the specific operations supported by TOT funding cannot be isolated. Personal and non-personal/equipment expenses, which are partially funded by the increment of growth in the TOT, appear in the CAE Department section of this document.

Approximately 47.3% of total 2003-2004 TOT revenue is allocated to fund a portion of the operating expenses at the Convention and Cultural Facilities.

Budget Category Summary

	2001-2002 Actual 1	2002-2003 Adopted 2	2002-2003 Estimate 3	2003-2004 Adopted 4	% Change (2 to 4)
CAE Operating Subsidy	\$ 6,865,609	\$ 6,044,865	\$ 4,721,007	\$ 4,438,740	(26.6%)
Total	\$ 6,865,609	\$ 6,044,865	\$ 4,721,007	\$ 4,438,740	(26.6%)

Transient Occupancy Tax Fund

Budget Category: Cultural Grants

Budget Category Overview

Each year, the Arts Commission solicits and evaluates applications for funding under the Cultural Grants category (using criteria approved by the City Council). The Arts Commission then submits recommendations for Cultural Grants and Technical Assistance Grants to the City Council for consideration during the annual budget process. Approximately 27.0% of the total 2003-2004 TOT revenue is allocated to fund Cultural Grants. Additional grant

funding is provided by the General Fund, but is transferred into the Convention and Cultural Affairs Fund, which appears elsewhere in this document. Any unexpended Cultural Grant funding is rebudgeted for expenditure in the next fiscal year.

Detailed information for the 2003-2004 TOT Cultural Grants program awards are listed in this section to provide a picture of the City's Cultural Grants Program.

Budget Category Summary

	2001-2002 Actual 1	2002-2003 Adopted 2	2002-2003 Estimate 3	2003-2004 Adopted 4	% Change (2 to 4)
Cultural Grants	\$ 3,779,080	\$ 3,789,386	\$ 3,294,460	\$ 2,764,323	(27.1%)
Total	\$ 3,779,080	\$ 3,789,386	\$ 3,294,460	\$ 2,764,323	(27.1%)

Transient Occupancy Tax Fund

Budget Category: Cultural Grants

Category Overview (Cont'd.)

Cultural Grants Allocations	Total Grant
Abhinaya Dance Company	\$ 27,037
Almaden Valley Art and Wine Festival	6,346
American Musical Theatre	193,592
ArtCar Fest	1,904
Arts and Culture Society/Ballet Afsaneh	2,321
Association for Viet Arts	5,858
Ballet San José Silicon Valley	162,522
Berryessa Art and Wine Festival	4,125
Brew Ha Ha	1,904
Cesar Chavez March and Festival	1,269
Chinese Performing Artists	27,622
Christmas in the Park	19,283
Cinco de Mayo Parade and Festival	1,953
Cinequest	69,162
Cinequest San José Film Festival	20,851
Cirrus Dance and Arts	12,467
City Lights Theatre Company	14,159
Contemporary Asian Theatre Scene	14,770
Dancin' on the Avenue	4,125
Dancing in the Streets	1,904
Dancing Sun Foundation	14,203
Dimension Performing Arts, Inc.	17,759
El Festival Floricanto Ketzalcoatl	4,125
Fiestas Patrias Parade and Festival	1,953
Filipino Heritage Festival	2,538
Firebird Youth Chinese Orchestra	18,706
Five Wounds Festival	684
Flamenco Society	9,554
Habib Khan Saraswati Temple and Gurukul	3,555
Int'l Russian Music Piano Competition	9,729
Italian Family Festa	1,904
Japantown VIBE	2,538
Juneteenth Festival	1,269
Kaisahan Dance Company	18,504
Limon Dance Company	19,098
Los Lupenos de San José	16,601
Luther Burbank Jamboree	1,904
Lyric Theatre, The Gilbert & Sullivan Society	18,706
MACLA	45,049
Mariachi San José	17,759
Memorial Day Ceremony	684
Mexican Heritage Corporation	108,849
Mid-Autumn Festival (Catholic Charities)	957

Transient Occupancy Tax Fund

Budget Category: Cultural Grants

Category Overview (Cont'd.)

Cultural Grants Allocations (Cont'd.)	Total Grant
Mid-Autumn Festival (Viet-American Foundation)	\$ 793
Multicultural Festival - Sharing Family Stories	2,256
Multicultural Harvest Festival (Prusch Park)	2,538
Music in the Other Park	5,077
Music in the Park	14,059
Nikkei Matsuri Festival	4,125
Northside Theater	16,619
Opera San José	188,303
Outdoor Cinema Series	2,538
Palm Room Sunday Jazz Series	2,538
People's Earth Day	1,269
Portuguese Spring Festival	3,807
Post Street Carni Gras	684
Pumpkins in the Park	6,444
Rainbow Women's Chorus	2,321
San José America Festival	25,629
San José Center for Literary Arts	7,557
San José Chamber Music Society	16,831
San José Chamber Orchestra	18,706
San José Children's Discovery Museum	69,839
San José Children's Musical Theater	69,113
San José Gay Pride Parade and Festival	5,077
San José Institute of Contemporary Art	40,072
San José International Mariachi Festival	12,692
San José Jazz Festival	35,393
San José Jazz Society	71,827
San José Multicultural Artists Guild	17,065
San José Museum of Art	262,221
San José Museum of Quilts & Textiles	35,161
San José Pow Wow	1,904
San José Repertory Theatre	242,973
San José Stage Company	60,981
San José Symphonic Choir	9,219
San José Taiko	36,061
San José Youth Symphony	18,706
Santa Clara Valley Performing Arts Assoc	8,726
Silicon Valley Children's Fund	18,706
SoFA Bazaar	1,904
South Bay Guitar Society of San José, Inc.	10,537
Special Events Programming Comm: SJSU	9,042
Spring in Guadalupe Gardens	3,107
St. Patrick's Unity Festival	684
Steinway Society - The Bay Area	8,104
Tapestry Arts Festival	14,059
Tapestry Arts San José, Inc	15,587
Teatro Vision	34,966

Transient Occupancy Tax Fund

Budget Category: Cultural Grants

Category Overview (Cont'd.)

Cultural Grants Allocations (Cont'd.)	Total Grant
The Winchester Orchestra of San José	\$ 7,102
Veterans' Day Parade	12,375
Vietnamese Spring Festival and Parade	1,953
Vietnamese Tet Festival	4,760
Visual Rhythm Dance Company	9,293
Wildlife Festival	1,904
Willow Glen Founders' Day	1,940
Winter Wonderland	1,904
WORKS, San José	15,150
Young Audiences	37,296
Unallocated	310,023
	<hr/> 2,769,323

Transient Occupancy Tax Fund

Budget Category: San José Convention and Visitors Bureau

Budget Category Overview

Approximately 25.7% of the total 2003-2004 estimated TOT revenues is allocated to the San José Convention and Visitors Bureau (CVB). The City contracts with the CVB to provide long-term booking of events at the Convention Center, market the Convention Center, promote traveling to San José for business and pleasure, and assist visitors.

CVB also receives funding from the General Fund (shown in the City-Wide Expenses section of this document) and other sources such as San José businesses, restaurants, and hotels to provide similar services, which are not represented here.

Budget Category Summary

	2001-2002 Actual 1	2002-2003 Adopted 2	2002-2003 Estimate 3	2003-2004 Adopted 4	% Change (2 to 4)
SJ Convention/Visitors Bureau	\$ 3,876,933	\$ 3,215,750	\$ 2,303,010	\$ 2,412,688	(25.0%)
Total	\$ 3,876,933	\$ 3,215,750	\$ 2,303,010	\$ 2,412,688	(25.0%)
